

**From:** PUC

**Sent:** Thursday, April 27, 2023 1:00 PM

**To:** [REDACTED]

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**Subject:** EL22-017

Mr. Shoffeitt,

This is in response to your email to the South Dakota Public Utilities Commission regarding the Xcel Energy rate case, docket [EL22-017](#), currently being processed by the commission.

Xcel filed documents with the commission on June 30, 2022, requesting an overall 17.9% increase in revenue. This overall increase affects Xcel's five customer classes and 16 customer sub-classes. Note that the Interim Rate Adjustment on your statement includes costs previously recovered via the Transmission Cost Recovery and Infrastructure Rider through 2022, so these expenses are added to the Basic Service Charge and the Energy Charge in a rate case. Thus, these two rate elements added together result in an interim increase percentage of 55.8, however, the decrease in the two rider rates lower the overall rate case percentage.

My fellow commissioners and I suspended the rate increase for six months, the maximum allowed by state law, while this docket is being reviewed and additional financial information and supporting documents are being requested of the company and analyzed. Now that interim rates have been implemented by Xcel, any balance between each final determined customer class rate along with interest will be refunded to customers following the one year maximum docket processing timeline.

The commission continues 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%.

During this docket's processing, the commission's staff and their expert witnesses unravel and question the reasoning behind Xcel's request. Many additional rounds of data requests to Xcel are made, received and analyzed throughout. This is how we determine what expenses are appropriate, which require further questions and data, or are deemed unacceptable. State law guides this entire rate review process. See [SDCL 49-34A](#).

When Xcel filed its prior rate increase request, docket EL14-058, 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 the full requested increase was not just and reasonable, determining that Xcel's request warranted an increase at the specific lesser amount. The commissioners arrived at this decision by studying the full analysis done by staff and its expert witnesses.

The commission cannot 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 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. The same review process is done for every rate case filed with the commission. The point of this careful review process is to not allow price gouging of ratepayers.

If you wish to discuss your bill, line by line, to understand how each item increased or decreased on your interim statement, please call 605-773-3201 and ask to speak with a Consumer Affairs staff member. They will also explain the option of budget billing if you wish to explore this.

This [Electric Rate Increase Requests Information Guide](#), posted on the commission website home page and in the docket, may also be helpful in understanding how such rate increase requests are processed by the commission.

Since my fellow commissioners and I will ultimately make a decision on this docket, our communication about it must take place in an open, noticed forum, or made available via the docket. Thus, your email and this response will be posted under Comments and Responses in EL22-017.

Kristie Fiegen, Chairperson  
South Dakota Public Utilities Commission  
[PUC.sd.gov](http://PUC.sd.gov)