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**RE: Formal Complaint Regarding Interim Rate Adjustment and Fuel Cost Charge Disclosure**

1 message

Gregg, Deb &lt;Deb.Gregg@state.sd.us&gt;

Tue, Feb 17, 2026 at 10:43 AM

To: [REDACTED]

Ms. Velazquez - If you wish to submit a comment to the South Dakota Public Utilities Commission regarding an open docket, please follow the guidelines in you must include your complete mailing address as referenced in this [Electric Rate Increase Request Info Guide](#) posted on the commission website. See excerpt below.

**Submit comments.** *Members of the public are encouraged to submit written comments about an active rate case to the PUC. These **informal** public comments are reviewed and considered by the PUC commissioners and staff. Comments should include the docket number or name of the company proposing the rate increase, commenter's full name, mailing address, e-mail address and phone number. These comments should be emailed to [puc@state.sd.us](mailto:puc@state.sd.us) or mailed or handdelivered to PUC, 500 E. Capitol Ave., Pierre, SD 57501. Comments are posted in the "Comments" section of the docket within a reasonable time after having been received. The commenter's name, city and state will be posted along with their comment. Comments received from businesses, organizations or other commercial entities (on letterhead, for example) will include the full contact information for such.*

*Please follow these guidelines when submitting written comments to the PUC:*

- For comments sent by email, the maximum file size is 10 MB. If you have questions, please contact South Dakota PUC staff at 605-773-3201 (Monday – Friday, 8 a.m. – 5 p.m. Central Time).*
- For comments sent by U.S. mail or hand delivered, no more than twenty (20) 8.5" x 11" pages, including attachments and support materials, should be submitted with a comment. Sheets with printing on both sides are counted as two pages.*
- A reference document, article or other attachment not written by the person commenting should clearly identify the source of the content. The inclusion of any copyrighted material without accompanying proof of the commenter's explicit right to redistribute that material will result in the material being rejected.*
- In instances where individual comments are deemed to be a duplicate or near duplicate copies of a mass message campaign, the PUC will post only a representative sample and list the name, city and state of the commenter.*
- Comments containing threatening language or profanity will be rejected.*

• *Multimedia submissions such as audio and video files will not be accepted as written comments.*

• *Electronic links will not be accepted*

Thank you.

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**From:** Annette Velazquez [REDACTED]  
**Sent:** Friday, February 13, 2026 6:19 PM  
**To:** Gregg, Deb <[Deb.Gregg@state.sd.us](mailto:Deb.Gregg@state.sd.us)>  
**Subject:** Re: [EXT] Formal Complaint Regarding Interim Rate Adjustment and Fuel Cost Charge Disclosure

Ms. Gregg,

Your response confirms that no enhanced notice is required when rate components increase dramatically. While that may satisfy the minimum statutory standard, it does not resolve the underlying issue of proportional consumer disclosure.

When a fuel cost charge increases nearly sixfold in a single billing cycle and interim rate adjustments escalate from nominal amounts to nearly one hundred dollars for electric-heat customers, the absence of targeted disclosure creates the appearance of regulatory complacency.

The Commission's mandate is to regulate utilities in the public interest. When billing impacts of this magnitude occur without specific, contextualized notice to disproportionately affected customer classes, it raises legitimate questions about whether current disclosure practices meet that mandate.

I will be submitting formal comments in Docket EL25-024 and requesting that the Commissioners review whether additional disclosure standards are warranted for material billing events.

Please confirm that this correspondence will be entered into the docket record.

On Fri, Feb 13, 2026 at 1:53 PM Gregg, Deb <[Deb.Gregg@state.sd.us](mailto:Deb.Gregg@state.sd.us)> wrote:

Ms. Velazquez,

Thank you for your follow-up comments and the opportunity to provide additional explanation.

Xcel Energy files its monthly Fuel Clause Adjustment Charge with the PUC in accordance with South Dakota Codified Law 49-34A-25, which addresses automatic adjustment of rates for changes in energy, fuel and gas costs, ad valorem taxes paid, or commission-approved fuel incentives.

I understand your concern about the change in the Fuel Clause Charge from December to January, and I agree it represents a significant shift. In its customer materials, Xcel explains the charge as follows: "The Fuel Cost Charge recovers the cost of fuel used to produce electricity and energy purchased on the wholesale electricity market. This charge differs slightly by customer class based on class energy use patterns and is updated monthly for current costs." Rates for fuel and purchased power will change every month and there is neither South Dakota law, administrative rule, nor commission order that requires additional notice of fuel related changes based on a certain threshold of change.

In its public rate increase notice, Xcel stated that a typical residential electric customer using 756 kWh per month would see an average monthly bill increase of about \$20.56, or 18.66%. There are several important words in that sentence: typical, residential, and average. Xcel serves many different classes of customers. Residential, commercial and industrial, and outdoor customers all have different rates. There are also variations within those classes. For example, residential customers live in homes of varying sizes, designs, and construction types, and household occupancy varies. The residential rate class currently also includes different customer charges for overhead and underground lines, and differing winter rates for customers with and without space heating. These factors, among others, affect electricity usage. All customer classes will be affected by a rate increase. To simplify communication, Xcel focuses on its largest customer class, residential customers, and expresses the estimated increase as an average of the class as a whole. In its application, Xcel does provide [examples of monthly bill impacts](#) for residential customers based on various levels of usage, with and without space heating.

In its [June 30, 2025, letter](#) to the Commission that accompanied Xcel's rate increase request, the company stated, "We will post the Application, Testimony, and Supporting Documentation on our website as well as include the Public Rate Increase Notice in the form of an onsert to our South Dakota customers, advising them of our Application with the customers' August billing statements..." The [Public Rate Increase Notice](#) was submitted by Xcel with their application.

In its [Notice of Intent to Implement Interim Rates](#) filed with the Commission on Dec. 1, 2025, the company stated, "Notice will be given to customers by a bill message and/or bill onsert."

Regarding notice to the public, neither South Dakota law, administrative rule, nor commission order require Xcel to provide additional information about rate increases beyond what has been stated above.

Both the interim rate increase and the Fuel Clause Charge are applied proportionately to residential energy usage. Customers with all-electric homes are billed according to the company's approved rate structure.

Thank you for contacting the PUC with your concerns.

Deb Gregg, Consumer Affairs Manager

SD Public Utilities Commission

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**From:** [REDACTED]  
**Sent:** Thursday, February 12, 2026 11:45 AM  
**To:** Gregg, Deb <[Deb.Gregg@state.sd.us](mailto:Deb.Gregg@state.sd.us)>  
**Subject:** RE: [EXT] Formal Complaint Regarding Interim Rate Adjustment and Fuel Cost Charge Disclosure

Ms. Gregg,

Thank you for your response. However, your explanation did not address the core issue raised in my complaint.

My concern is not whether fuel costs fluctuate or whether interim rate increases are legally permitted. My concern is proportional disclosure.

When a fuel cost charge increases nearly sixfold within a single billing cycle and an interim rate adjustment increases from \$2.98 to \$97.20, that constitutes a material billing event for electric heat customers. The current bill format does not clearly highlight or contextualize these significant rate impacts.

The example provided in the rate notice references a 750 kWh customer, which does not reflect electric heat households using 3,000+ kWh in winter. For customers in this category, the financial impact is dramatically higher than the notice implies.

Please clarify whether the Commission requires enhanced disclosure when rate components increase beyond a certain threshold, particularly when the effect is disproportionately significant for electric-heated homes.

I look forward to a direct response to this specific question.

Annette Velazquez

Sent from my Verizon, Samsung Galaxy smartphone

----- Original message -----

From: "Gregg, Deb" <Deb.Gregg@state.sd.us>

Date: 2/12/26 11:01 AM (GMT-06:00)

To: [REDACTED]

Subject: RE: Formal Complaint Regarding Interim Rate Adjustment and Fuel Cost Charge Disclosure

Ms. Velazquez,

Thank you for the email and for sharing your concerns about the consumer information provided by Xcel Energy. It is evident that you value communication and are frustrated with the way Xcel Energy has explained the factors contributing to the increase in your monthly bill.

I understand that you reached out to Xcel to obtain this information and feel that you were not given a complete explanation. I will share your experience with the PUC's contacts at Xcel and request they follow up with their customer service representatives and provide additional training opportunities.

You are correct that fuel costs fluctuate. The December Fuel Cost Charge was \$0.00606/kWh compared to January's of \$0.04568/kWh. This would have resulted in an increase compared to the previous bill. Additionally, Xcel implemented an [interim rate increase](#) effective January 1, 2026.

We understand that utility bills can sometimes feel complex, especially when it comes to the various line charges listed each month. To help clarify, here is a breakdown of what those charges typically support:

- **Basic Service Charge** A fixed cost that covers meter reading, billing, and customer support.
- **Energy Charge** The cost for the energy you used.
- **Transmission Cost Recovery (TCR):** A separate line item that recovers the cost of building or upgrading transmission facilities. Transmission facilities are like the interstate highways of the electric grid, designed to move electricity over large areas.
- **Fuel Cost Charge:** Covers the actual cost of fuel needed to generate electricity or purchased power to meet customer demand. This charge is updated monthly and is a dollar-for-dollar pass-through, not a profit-making fee for Xcel.

- **Demand Side Management (DSM):** A strategy electric utilities use to manage electricity demand by incentivizing customers to reduce energy use during peak hours or lower overall consumption. By reducing demand during expensive peak times, utilities can avoid purchasing high-cost electricity or building new power plants and upgrading transmission and distribution lines to meet peak demands, which helps control costs passed on to customers.
- **Infrastructure Rider:** Recovers costs for approved capital projects such as wind farms, transmission upgrades, and grid modernization, and property taxes. This fee allows the company to recover costs for updating and maintaining power lines and substations between formal base rate cases.

I encourage you to follow along with Xcel Energy's rate increase request in [Docket EL25-024](#).

I appreciate the opportunity to respond to your inquiry. Please contact me if you have additional questions.

Deb Gregg, Consumer Affairs Manager

SD Public Utilities Commission

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**From:** Annette Velazquez [REDACTED]  
**Sent:** Saturday, February 7, 2026 1:14 PM  
**To:** PUC-PUC <[PUC@state.sd.us](mailto:PUC@state.sd.us)>  
**Subject:** [EXT] Formal Complaint Regarding Interim Rate Adjustment and Fuel Cost Charge Disclosure

To Whom It May Concern,

I am submitting this letter as a formal complaint and request for review regarding recent electric billing charges applied by Xcel Energy in South Dakota.

My most recent electric bill increased by several hundred dollars compared to the prior month, despite only a modest increase in usage. Upon review, the increase was driven primarily by two line items: a substantial increase in the fuel cost charge rate and the application of an interim rate adjustment.

Specifically, the fuel cost charge rate increased from approximately \$0.007339 per kWh to \$0.042940 per kWh within a single billing cycle, resulting in a fuel cost increase of more than \$120 on my bill. In addition, an interim rate adjustment increased from \$2.98 to \$97.20. These two charges account for the overwhelming majority of the bill increase.

While I understand that fuel cost charges may fluctuate and that interim rate increases may be permitted under South Dakota law while a general rate case is pending, my concern is with the lack of clear, proportional disclosure on the customer bill itself.

The bill references tables and explanatory language related to minor riders such as transmission cost recovery and DSM adjustments that reflect changes measured in cents. These tables do not explain, in a clear or consumer-

readable manner, the magnitude, timing, cause, or expected duration of the fuel cost rate increase or the interim rate adjustment that materially impacted my bill.

When I contacted Xcel Energy customer service for clarification, the explanations repeatedly focused on usage levels and minor rider tables rather than directly addressing the fuel cost rate increase and interim rate adjustment reflected on my bill. While I was later informed verbally that the fuel cost increase was related to higher generation costs and that an interim rate increase is currently in effect due to a pending rate case, this information was not clearly disclosed on the bill itself.

I am requesting that the South Dakota Public Utilities Commission review whether current billing disclosures adequately inform customers of significant rate-based increases, including interim rate adjustments and large fuel cost rate changes, and whether additional or clearer disclosure should be required when such charges materially affect customer bills.

Thank you for your time and attention to this matter. I appreciate any guidance or review the Commission can provide.

Sincerely,  
Annette Velazquez  
Sioux Falls, South Dakota

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**Annette Velazquez CDM, CFPP**

Certified Dietary Manager

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