

**From:** Nelson, Chris [REDACTED]  
**Sent:** Tuesday, May 12, 2026 9:10 PM  
**To:** Steele, David [REDACTED]  
**Cc:** Mohr, Leah [REDACTED]  
**Subject:** RE: Highly Disappointed

David,

Thanks for your thoughts. I'll address the "novel concept" first.

The evaluation of a rate case is guided by state law and legal precedent. A simplified explanation of such is that utilities have a legal right to recover their costs that are prudent and necessary for the production and delivery of electricity. Companies are also allowed under law to have the opportunity to earn a fair return on their capital investment. If we were to adopt the novel concept of saying "no" our decision would be appealed to the court system and the courts would then order a proper evaluation and conclusion to the case which would result in the rate increase. While that might seem like an interesting exercise, court appeals add further cost to ratepayers which is obviously counterproductive.

Our staff and their hired experts spent eleven months reviewing Northern States Power's financial data to determine which of their expenses were prudent and necessary and which were not. Those in the latter category were thrown out and were paid by shareholders of the company.

This rate case was brought by Northern States Power (NSP) which is an Xcel subsidiary. \$124,000 of Robert Frenzel's salary is allocated to the South Dakota portion of NSP. The labor rates included in this rate case provided for a 3% increase per year for Xcel employees.

While we would very much like to keep rate increases lower than inflation, this increase essentially matched the 9.4 percent general inflation rate over the last three years. I understand that state support for schools – and state employee salaries – has not kept pace with inflation. Indeed, we talked about that during our meeting on this case on Friday. Wage growth throughout South Dakota has increased 3.8-4.0% each of the last three years. Unfortunately, state support for schools hasn't kept up with those increases elsewhere in the state's economy.

Lastly, I am a customer of Central Electric and know their rate increase this year on top of a rate increase last year far exceeded the rate increase approved for Xcel. Following this Xcel rate settlement, you will be paying \$10 per month for your facility charge. I pay \$70 per month for the facility charge with Central Electric. If the law allowed for you to switch to Central Electric, it may not provide the savings you are looking for.

No rate increase is easy for customers. I get that. But I also understand that the general inflation in the economy that you and I experience also affects electric utilities leading to a rate case to recover those increased costs as allowed by the law.

Your comments and this response will be posted in the comments and responses section of the docket.

*Chris Nelson*

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