



Gary Hanson, Chairperson
Chris Nelson, Vice Chairperson
Kristie Flegen, Commissioner

South Dakota

PUBLIC UTILITIES COMMISSION

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1-800-332-1782

March 19, 2013

Janet Labesky
[REDACTED]
[REDACTED]

Dear Ms. Labesky:

This is in response to the letter you sent to the commission regarding the pending Xcel Energy rate case, EL12-046.

When an investor-owned electric utility wishes to modify its rates, it must seek permission from the PUC to do so. The company begins the process by filing a request with the PUC that states the proposed rate of increase and the rationale for the increase. The PUC staff analyzes the request and rationale, requests additional information from the utility along the way, presents their findings to the commissioners and other interested parties to the case, and then the commissioners make a decision about the requested rate. If the PUC does not have the case decided 180 days after the filing, the utility may put interim rates into effect subject to refund depending on the PUC's decision. The increase you see in your billing is the interim rate, not the rate approved by the PUC. If the rate approved by the commission is lower, the utility must refund the excess to consumers.

A rate case is one of the most difficult dockets the commission deals with and such a case involves several staff analysts and an attorney, as well as one or more consultants with specific expertise needed to investigate the case. There are several steps along the way as staff and the consultants do their analysis to present before the commissioners and other parties. Therefore, it is a fairly lengthy, complex process. Enclosed is a document that helps explain how rate cases are handled.

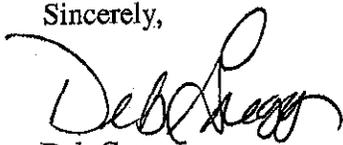
I understand your frustration regarding increased costs associated with energy and other expenses. However, the commission must investigate and act on all rate requests filed by regulated utilities such as Xcel Energy, as required by South Dakota law.

Whether or not the commissioners agree with Xcel Energy's justifications for new expenses or a portion of them will be determined in the processing and eventually, the commissioners' decisions regarding the case. None of the commissioners wishes to increase utility rates for South Dakotans. They are consumers as well and understand how increased costs affect us all.

With regard to the Focus Receivables calls, I understand PUC Consumer Affairs Representative Vicky Burns has addressed your concerns about these unwanted calls.

I hope this helps explain how the commission is reviewing the issues you raised with the Xcel Energy rate case. Thank you for writing to make us aware of your concerns. Please contact us again with any additional questions. You may also call us at 1(800) 332-1782.

Sincerely,

A handwritten signature in cursive script, appearing to read "Deb Gregg".

Deb Gregg

Consumer Affairs Manager