

Flying Adventures[®]

Beard

February 19, 2010

Re: Xcel Energy Corporate Aircraft

Dear Representative Beard,

I am contacting you about the KSTP Television news report and the State of Minnesota involvement pertaining to Xcel Energy and their corporate aircraft use.

I have been in aviation for many years, with my most recent position as the Vice President of Business Development for Flying Adventures Media. The Flying Adventures clientele are aircraft owners and operators in the High Performance to Jet Aircraft Categories. Since Corporate Aviation is one of Flying Adventures Media market segments, I am addressing the Corporate Aircraft use inaccuracies depicted in the KSTP's news report.

KSTP had aired news reports indicating misuse of Xcel Energy Corporate Jet Aircraft. The report focused on corporate travel between the two major cities of Minneapolis/St. Paul, MN and Denver, CO. The report indicated ratepayers are paying for excessive and unneeded aircraft travel expenses. The report indicated the aircraft are operating empty or nearly empty a majority of the time. The report also indicated that \$99 one-way airline tickets are common place and can be easily purchased on a regular basis for most flights.

An occasional cheap ticket can be had but not necessarily to the destination of choice, date or time needed to align with business needs. To test the KSTP cheap ticket statement I went on-line February 7th searching many web sites pursuing a cheap one-way flight from Minneapolis to Denver for travel on February 14th. Departure time criteria looked for 05:30 – 07:40 CST flights to attend a fictitious 10:30 MST 3 hour meeting in Downtown Denver (which is located approximately ½ hour away after getting rental car or taxi from the Denver airport). The ticket prices I found for available coach, business & first class seats ranged from 3 to 14 times higher than the KSTP claim of easy to get \$99 tickets. I also researched return flights for the same day as well. The earliest I could book an open seat back to Minneapolis was at 20:50 MST (which is departing at 9:50 pm MN time). That \$239 plus additional fees red-eye flight equates to around a 20 hour work day and a poor night's rest for the next work day. Conceivably better deals could be found, but my time is precious and so are business resources. Perhaps the KSTP News department can direct us how to find these fantastic deals that align with our business needs on a regular basis.

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Here are some facts that address the inaccuracies or lack of balanced reporting by KSTP:

- Corporate Aircraft are tools utilized by utilities and thousands of other businesses worldwide. A tool utilized similar to office buildings, ground vehicles, computers and the myriad of other equipment needed to operate, maintain and/or increase business efficiency.
- The mission of Corporate Aircraft is not to fill the plane and fly full on every trip, but to increase the effectiveness of key business personnel by aligning Corporate Aircraft travel to the business needs. Xcel Energy is a utility that operates in eight states with expansive operations in two major cities. Xcel could hire more employees, increase payroll expenses and perform less travel; however it seems they are performing corporate responsibility and due diligence by dispersing employee resources as needed in a vast service territory. I suspect the aircraft owned and operated by the State of Minnesota are utilized at the lower end of the seating capacity spectrum as well.
- Jets are fast transportation and this speed equates to significant time savings. The average Xcel Energy airport to airport (STP-APA & APA-STP) flight lasts approximately 1hr & 40 minutes. The amount of time spent by personnel at the commercial MSP or DEN airports will be close to 2 hours time after going through security and waiting to board, and another ½ hour plus waiting for any baggage. With Business Aircraft, these same passengers have already arrived at their destination and saved 2 ½ hours plus of lost time. Cost savings example: Let's say there are four employees with an aggregate \$1,200 per hour pay rate. The recovered lost time savings per flight is 2.5 hours X \$1,200 = \$3000. The Lear Model 45 Corporate Aircraft 1 hour/40 minute flight operational costs are approximately \$1,600 per hour or \$2,667 per flight. Thus the Corporate Aircraft provides an actual cost savings of a few hundred dollars per trip, plus the avoided costs savings from not purchasing commercial airline tickets.
- Business is also performed on Corporate Aircraft immediately after boarding. This is literally impossible to perform on a commercial flight and especially with coworkers. Thus business efficiency is maintained on the Corporate Aircraft and the aircraft is utilized as a productivity tool.
- We all know meetings can start late and run long. Corporate Aircraft allows the flexibility to change schedules as needed. Try calling the airline and asking them to hold the plane or depart late because your meeting is going long and you can't make your scheduled flight. And speaking of scheduled flights – how many are on time? And not having to book a room for an overnight stay and ruin the next business day traveling because you missed your commercial flight - priceless.
- Another savings, perhaps considered small by some, is the lack of vehicle parking expenses when flying Corporate Aircraft. Since the State of Minnesota is regulating utility expenses...this is just another expense to consider for the ratepayers.

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One of the Dr. Stephen Covey's Seven Habits is *Seek First to Understand*. The KSTP news report seemed to portray "sensationalism and hype" designed to increase KSTP Station rankings during "ratings week". KSTP News Director John Mason allowed this story to air without ascertaining complete or accurate facts.

The State of Minnesota Attorney General's Office and the Minnesota Public Utilities Commission should be asking themselves how much more it will cost the ratepayers if we (the State) mandate excessive oversight regulation for expenses and force Xcel to greatly reduce or eliminate their Corporate Aircraft use.

Getting and understanding all the facts will validate Xcel Energy is saving the ratepayers money by use of Corporate Aircraft.

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