



500 West Russell Street
Sioux Falls, South Dakota 57101-0988

June 30, 2011

—VIA ELECTRONIC FILING AND COURIER—

Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

RE: APPLICATION OF NORTHERN STATES POWER COMPANY, A MINNESOTA
CORPORATION, FOR AUTHORITY TO INCREASE RATES FOR ELECTRIC SERVICE IN
SOUTH DAKOTA
DOCKET NO. EL11-____

Dear Ms. Van Gerpen:

Northern States Power Company, a Minnesota corporation (the “Company” or “Xcel Energy”) operating in South Dakota, submits its Application (the “Application”) to the South Dakota Public Utilities Commission (the “Commission”) for authority to increase rates for electric service in South Dakota.

The rate and tariff changes proposed in the Notice and Application would result in an annual increase of base (*i.e.*, non-fuel) electric revenues of \$14.583 million, or about 9.28 percent, effective for electric service on and after August 1, 2011, unless the rates are suspended by the Commission. The test year for the proposed increase is based on 2010 actual data, with known and measurable changes, and other appropriate adjustments. In addition, the Company is also proposing to recover approximately \$1 million of ongoing investments in its Monticello nuclear generating plant through a Nuclear Cost Recovery Rider to go into effect with final rates in 2012.

The Application, which consists of the following four volumes, has been e-filed, and in addition fifteen (15) copies (extra copies included at the request of staff) of the following have also been filed with the Commission:

Volume 1 - Rate Application

Letter of Transmittal

Notice of Change in Rates

Attestation by Authorized Accounting Representative

Public Rate Increase Notice

Statements A through R

Volume 2 - Testimony and Supporting Schedules and Tariffs

Policy – Laura McCarten

Revenue Requirements – Thomas E. Kramer

Return on Equity – Daniel S. Dane

Class Cost of Service Study - Michael A. Peppin

Rate Design - Steven V. Huso

Volume 3 - Workpapers

Volume 4 - Lead Lag Study, Cost Assignment & Allocation Manual, and
Interchange Agreement

The Company certifies we will notify customers of the proposed increase in compliance with ARSD §§ 20:10:13:17 through 19. The Public Rate Increase Notice, attached to this Letter of Transmittal, will be posted in a conspicuous place at the Xcel Energy local customer service center in Sioux Falls for at least thirty (30) days prior to the date the change in rates is to become effective. We will also issue a press release and post the Application, Testimony, and Supporting Documentation on our website as well as include the Public Rate Increase Notice in the form of an insert to our South Dakota customers advising them of our Application with August bills.

In accordance with ARSD §§ 20:10:01:39 through 42, Xcel Energy respectfully requests confidential treatment of certain information contained in this filing. In compliance with ARSD § 20:10:01:41, we have clearly marked each page containing confidential information as “CONFIDENTIAL” and submitted it in a separate sealed envelope along with this filing.

Pursuant to ARSD § 20:10:01:41, we provide the following information in support of our request:

- (1) We request confidential treatment of these listed documents in their entirety.

Volume 1- Rate Application

Exhibit ____ (NSP-1), Schedule K-1

Exhibit ____ (NSP-1), Schedule K-3

Volume 3- Workpapers

Tab PF15, Wholesale Billing

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Schedule K-1 is required to be included as part of the Application pursuant to ARSD § 20:10:13:89. Schedule K-1 contains working papers for the Company's federal income taxes, and contains a complete reconciliation of the book net income with taxable net income as reported to the federal Internal Revenue Service for the most recent tax year and the three previous years. Schedule K-3 is required to be included as part of the Application pursuant to ARSD § 20:10:13:91. The Company joins in the filing of a consolidated federal income tax return. Schedule K-3 contains working papers showing the net taxable income or loss for each company included in the consolidated tax return, along with consolidating adjustments. The Company treats this information as highly confidential information, and as financial information, not released to the public.

The confidential working papers contained in Volume 3- Workpapers are required to be included as part of the Application pursuant to ARSD Ch. 20:10:13. The working papers designated as confidential contain salary and personnel information for the Company's employees. The Company treats this information as both highly confidential proprietary and trade secret information, not released to the public.

- (2) We request these documents be treated as confidential forever.

- (3) If you have questions regarding this request please contact:

Kari Valley

Assistant General Counsel

Xcel Energy Services Inc.
414 Nicollet Mall
Minneapolis, MN 55401
(612) 215-4526

- (4) We request confidential treatment on the grounds that the material is proprietary and trade secret information, the disclosure of which would result in material damage to the company's financial or competitive position. The claim for confidential treatment is based on ARSD § 20:10:01:39 (4) and SDCL § 1-27-30. The information contained within the referenced documents meets the definition of "trade secret" under SDCL § 37-29-1(4)(1), the South Dakota Uniform Trade Secrets Act, which is defined as information that "Derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and... is the subject of efforts that are reasonable under the circumstances to maintain its secrecy." The information also meets the definition of "proprietary information" under SDCL § 1-27-28, which is defined as "information on pricing, costs, revenue, taxes, market share, customers, and personnel held by private entities and used for that private entity's business purposes."
- (5) The noted documents qualify for confidential treatment because they contain proprietary business information which the Company does not disclose to the public.

Schedule K-1 provides a complete reconciliation of the Company's book net income with taxable net income. This information would provide actual and potential competitors with detailed information concerning the tax treatment of various income statement items that could provide competitors with an unfair competitive advantage.

Schedule K-3 provides the net taxable income or loss for each company in the consolidation, some of whom are unregulated. This information would provide actual and potential competitors with information concerning the profitability of its various unregulated affiliates that could provide competitors with an unfair competitive advantage.

The confidential working papers contained in Volume 3 - Workpapers contain salary and personnel information for the Company's employees. This information would provide actual and potential competitors with information

concerning the compensation levels of the Company's employees; potentially providing an unfair competitive advantage.

We request that communications regarding this Application be directed to:

Kari Valley
Assistant General Counsel
Xcel Energy Services Inc.
414 Nicollet Mall
Minneapolis, MN 55401
612-215-4526

SaGonna Thompson
Records Analyst
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612-330-5532

Sincerely,



JAMES C. WILCOX
MANAGER, GOVERNMENT AND REGULATORY AFFAIRS

Enclosures