

**STATE OF SOUTH DAKOTA  
BEFORE THE  
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE PETITION OF  
NORTHERN STATES POWER COMPANY  
FOR APPROVAL OF 2011-2012  
TRANSMISSION COST RECOVERY  
ELIGIBILITY AND RATE RIDER  
ADJUSTMENT

DOCKET NO. EL12-\_\_\_

**PETITION  
FOR TRANSMISSION  
COST RECOVERY**

**OVERVIEW**

Northern States Power Company, doing business as Xcel Energy, submits to the South Dakota Public Utilities Commission this Petition for approval of a 2011-2012 Transmission Cost Recovery Rider, Adjustment Factor, and Tracker Account report. We submit this Petition pursuant to S. D. Codified Laws Chapter 49-34A Sections 25.1 through 25.4 , authorizing the Commission to approve a tariff mechanism for the automatic annual adjustment of charges for a public utility to recover the South Dakota jurisdictional portion of eligible investments and expenses related to new or modified transmission facilities. Electric transmission facilities covered by the above-referenced statutes include associated facilities such as substations and transformers.

The Company was initially authorized to establish the TCR Rider by the Commission's January 13, 2009 Order in Docket No. EL07-007. In this filing we propose to revise the TCR Rider to reflect current projects and expenditures.

This Petition seeks Commission approval of:

- eligibility of 2011-2012 transmission projects for TCR Rider recovery;
- TCR revenue requirements and rate adjustment factor for 2011-2012;
- the TCR tracker report for approved transmission project investments; and
- proposed revised TCR Rider tariff sheets

The TCR adjustment factor that is currently in effect was set in January 2010 with the implementation of final base rates approved in the Company's last rate case, Docket No. EL09-009. At that time, project costs that were being recovered through the TCR Rider were rolled into base rates, and the current TCR adjustment factor was set to recover the then outstanding TCR Tracker account balance, including carrying charges, over the remaining months of 2010 as shown on Attachment 34..

On December 17, 2010, we filed our 2011 TCR Petition, seeking approval of cost recovery for nine transmission projects and our proposed 2011 TCR revenue requirement and adjustment factor. On February 13, 2012, Commission Staff requested that we resubmit our 2011 TCR Petition in light of a Settlement Stipulation Agreement entered into between Otter Tail Power and Commission Staff regarding Otter Tail's TCR Petition (Docket No. EL10-015). Staff requested that we resubmit our filing because of similar cost treatment issues associated with large, regional transmission projects that were present in both the Otter Tail and Xcel Energy Petitions. The issue related to cost allocation of regional transmission projects was resolved in the Otter Tail docket. We have prepared this Petition in accord with the Settlement Stipulation Agreement in the Otter Tail docket and have followed the approved cost recovery methodology, referred to as the "hybrid method" described in the Settlement Stipulation Agreement and Staff Memorandum dated November 16, 2011 (see Attachment 42).

For 2011-2012, we propose to begin recovery of the South Dakota jurisdictional portion of the revenue requirements related to fifteen transmission projects located throughout our service territory. We propose to recover \$2.5 million associated with these projects for the 2012 calendar year (see Attachment 4). Included in the \$2.5 million figure is the 2011 unrecovered balance of \$792,211. The \$792,211 tracker balance that we propose to recover through the end of 2011 is provided in Attachment 32.

The total of the transmission investment costs and the tracker balance results in an average bill impact of a \$1.09 per month for a typical residential electric customer using 750 kWh per month. This is an increase of \$1.02 per month from the current TCR Rider recovery. We propose to implement a rate of \$0.001453 per kWh applied to all energy billed to each customer class for the year ending December 2012. This represents an increase of \$0.001359 from the existing rate of \$0.000094 per kWh.

### **REQUIRED INFORMATION**

Following is information specified in S.D. Codified Laws Chapter 49-34A Sections 25.1 through 25.4 and S. D. Administrative Rule 20:10:13:26 regarding the proposed TCR rate rider tariff and adjustment factor:

**(1) Name and Address of the Public Utility**

Northern States Power Company doing business as Xcel Energy  
500 West Russell Street  
Sioux Falls, South Dakota 57104  
(605) 339-8350

## **(2) Section and Sheet Number of Tariff Schedule**

Xcel Energy proposes to revise its Transmission Cost Recovery Rider tariff sheet number 71 in Section 5 of the Northern States Power Company South Dakota Electric Rate Book. Attachment 41 depicts the proposed tariff sheet that would implement the revised Transmission Cost Recovery Rider Adjustment Factor.

## **(3) Description of the Tariff Change**

This request revises the TCR Adjustment Factor that became effective on January 18, 2010. This adjustment factor is shown as a separate line item on customer bills.

## **(4) Reason for the Requested Change**

Xcel Energy first petitioned the Commission for Transmission Cost Recovery in February 2007. Since that time, the Company has made significant investments in new transmission facilities in order to maintain system reliability, meet customer demand, and to transmit wind energy from South Dakota, North Dakota, and western Minnesota. To ensure that customers are not under or overcharged, we record the actual revenues and costs in our tracker account and return or collect any differences during the next recovery period based on the estimated end of year balance in the tracker account.

Costs recovered under the TCR Rider as a result of Docket No. EL07-007 were incorporated into base rates as a part of our last general rate case, Docket No. EL09-009, effective January 18, 2010. This petition includes costs not previously included for recovery in the TCR rider, in base rates or otherwise.

## **(5) Present Rate**

The current rate for all customer classes is \$0.000094 per kWh. The rate is calculated by dividing the forecasted balance of the TCR Tracker Account by the forecasted retail sales for the calendar year; it is rounded to the nearest \$0.000001 per kWh.

## **(6) Proposed Rate**

### **A. Proposed Tariff**

#### *i. Authority*

The following statutes establish Commission authority for considering and approving the revised rate rider proposed in this Petition. The Company proposes a 2012 rate factor for all customer classes of \$0.001453 per kWh.

*S. D. Codified Laws 49-34A-25.1 - Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism for the automatic annual adjustment of charges for the jurisdictional costs of new transmission facilities with a design capacity of thirty-four and one-half kilovolts or more and which are more than five miles in length. For the purposes of §§49-34A-25.1 to 49-34A-25.4, inclusive, electric transmission facilities and electric transmission lines covered by this section include associated facilities such as substations and transformers.*

*S. D. Codified Laws 49-34A-25.2 - Upon filing of an application consistent with rules promulgated by the commission by any public utility providing transmission service, the commission may approve, reject, or modify, after notice, hearing, and comment, a tariff that:*

*(1) Allows the public utility to recover on a timely basis the costs net of revenues of facilities described in § 49-34A-25.1.*

The Company proposes to recover through the TCR Rider the jurisdictional annual revenue requirements associated with transmission projects that are determined by the Commission to be eligible for recovery under S. D. Codified Laws 49-34A-25.1.

The overall cost of capital to be used in TCR Rider revenue requirement calculations was determined in the Commission's Order approving a Settlement Agreement with modifications in Docket No. EL07-007. The capital structure to be used was addressed in the Settlement Agreement at page 3 as stated below:

“...2. Rate of Return - The Parties agree that the rate of return applicable to the eligible transmission investments reflected in the TCR rider shall be based on the Company's actual capital structure and senior capital costs (long-term debt) at the end of the preceding calendar year...”

The Commission Order in this docket superseded the Settlement Agreement with respect to the applicable return on equity and included the following ordering paragraph:

“...(ii) that the return on equity value to be included in the rate of return on investment will be 9.5% as provided in Elements of Settlement Stipulation, paragraph 2, but that if Xcel makes a general rate filing utilizing 2008 as the test year, the Commission may determine, based on its findings on the evidence received in such case, the appropriate return on equity value to be utilized under the TCR Rider, including the appropriate return on equity to be utilized and subject to true-up for the period from July 1, 2008, to the effective date of such order. The return on equity value may or may not be the same as the return on equity value approved for Xcel’s general rate filing depending on the Commission’s findings on the evidence received in such case.”

The rate of return is based on Xcel Energy’s actual capital structure and senior capital costs at the end of the preceding calendar year, *e.g.*, the 2008 rate of return is based on Xcel Energy’s actual capital structure and senior capital costs as of December 31, 2007, the 2009 rate of return is based on the capital structure as of December 31, 2008, and so on (See the base assumptions in Attachment 31).

## ***ii.* Implementation**

Attachment 41 provides the proposed revised tariff sheets to implement the proposed TCR rate adjustment. The rate factor is based on forecast costs for the upcoming calendar year. As required by the Commission, for each 12-month period ending December 31, a true-up adjustment to the Tracker Account will be calculated reflecting the difference between the TCR Adjustment recoveries from customers and the actual revenue requirements for the period.

## **B. Eligible Transmission Projects**

### ***i.* Summary**

The Company has made significant new investments to its transmission system during the past several years. This Petition seeks approval of the costs associated with the following 15 proposed projects we believe meet the eligibility criteria established in S. D. Codified Laws 49-34A-25.1:

- Project 8. Chisago – Apple River 115/161 kV transmission line
- Project 9. CapX2020 Fargo – Twin Cities 345 kV transmission line
- Project 10. CapX2020 Brookings – Twins Cities 345 kV transmission line
- Project 11. CapX2020 Twin Cities – LaCrosse 345 kV transmission line
- Project 12. CapX2020 Bemidji – Grand Rapids 230 kV transmission line
- Project 13. North Mankato 115 kV transmission line
- Project 15. Pleasant Valley Byron
- Project 16. Glencoe – Waconia
- Project 17. St. Cloud Loop
- Project 18. Sioux Falls Northern
- Project 19. Grove Lake – Glenwood
- Project 20. Hiawatha
- Project 21. Sauk Center – Osakis
- Project 22. Hollydale
- Project 23. Meadow Lake

Detailed project information is provided in Attachment 1. In addition to these projects, we are also seeking recovery of net Schedule 26 revenues and expenses (also known as RECB costs) as provided for under the Midwest ISO (“MISO”) Tariff and discussed later in this Petition.

The following two projects were included in our 2010 TCR petition and were subsequently moved to base rates in Docket No. EL09-009:

- Project 7. BRIGO 115 kV transmission lines (3 Ea.)
- Project 14. Blue Lake – Wilmarth transmission modification

We list these projects here for informational purposes because they were included in our 2011 TCR Petition that was tabled. The costs associated with these two projects are not included in this TCR Petition.

## ***ii.* Supporting Information**

The Transmission Cost Recovery Statute requires certain information be provided in support of this request. This required information is provided throughout this petition and in the attached exhibits.

*S. D. Codified Laws 49-34A-25.3. states: A public utility may file annual rate adjustments to be applied to customer bills paid under the tariff approved pursuant to § 49-34A-25.2. In the utility's filing, the public utility shall provide: (1) A description of and context for the facilities included for recovery;*

Attachment 1 contains the descriptions of the projects we believe are eligible for recovery under the TCR Rider. Attachment 40 provides maps showing the locations of the facilities described in Attachment 1.

*(2) A schedule for implementation of applicable projects.*

Attachment 2 contains an implementation schedule for each of the transmission projects identified in Attachment 1.

*(3) The public utility's costs for these projects.*

Attachment 3 provides the capital expenditure forecast for each identified project. Actual capital expenditures are accumulated from project inception through December 2011 and will be reported annually thereafter. Attachments 8-30 show the development of 2012 revenue requirements for each project for the South Dakota jurisdiction, based on the capital expenditures referenced in Attachment 3.

Xcel Energy operates the transmission assets of Northern States Power Company – Minnesota and Northern States Power Company – Wisconsin as one transmission system. Pursuant to the terms of the Federal Energy Regulatory Commission (“FERC”) regulated *Restated Agreement to Coordinate Planning and Operations and Interchange Power and Energy between Northern States Power Company (Minnesota) and Northern States Power Company (Wisconsin)* (“Interchange Agreement”), all transmission costs are shared between NSPM and NSPW based on load ratio share using a FERC-approved 36-month coincident peak demand allocator. The NSPM portion is here referred to as the NSPM 36 month CP demand percentage. Within the Company, a 12 month coincident peak demand allocator is used to allocate costs between the Company’s South Dakota, North Dakota, Minnesota and full requirements Wholesale jurisdictions. The South Dakota portion is here referred to as the SD 12 month CP demand percentage. A composite demand allocator for the South Dakota jurisdiction is calculated by multiplying the NSPM 36 month CP demand percentage by the SD 12 month CP demand percentage. As a result, the Company determines the South Dakota jurisdictional portion of revenue requirements for transmission projects recovered under the TCR Rider by calculating total project revenue requirements and multiplying them by the composite demand allocator. (Development of the allocators is provided in Attachment 31.)

*(4) A description of the public utility's efforts to ensure the lowest reasonable costs to ratepayers for the project.*

The Company has made extensive efforts to ensure the lowest reasonable cost to ratepayers for the proposed TCR-eligible projects. For example, Xcel Energy transmission planners analyzed over a dozen project alternatives in the Buffalo Ridge docket. Each alternative was evaluated based on performance, cost, efficiency as measured by energy losses, and the enhancement of reliability to local consumers. The Buffalo Ridge study revealed that the three lines we ultimately constructed were the most economical additions for the amount of additional capacity created. Similar analysis was performed for the other projects included in this petition for cost recovery. Secondly, where possible, Xcel Energy has competitively bid engineering, equipment procurement and construction for the projects included in this petition. Third, Xcel Energy has developed a standard design for collector stations, thereby minimizing design and engineering costs.

*(5) Calculations to establish that the rate adjustment is consistent with the terms of the tariff established in § 49-34A-25.2.*

Attachment 6 contains the calculation of the proposed 2012 TCR rate adjustment. The Company provides the detail of these calculations under the Cost Recovery section of this Petition. We believe that these calculations are consistent with the terms of the TCR tariff proposed and described in Attachment 41.

*S. D. Codified Laws 49-34A-25.4 - Upon receiving a filing under § 49-34A-25.3 for a rate adjustment pursuant to the tariff established in § 49-34A-25.2, the commission shall approve the annual rate adjustments if, after notice, hearing, and comment, the costs included for recovery through the tariff were or are expected to be prudently incurred and achieve transmission system improvements at the lowest reasonable cost to ratepayers.*

Based on the information provided in this Petition and the merits of the projects for which the Company requests recovery under the Transmission Cost Recovery Statute, Xcel Energy respectfully requests Commission approval of these projects for TCR recovery.

**iii. Midwest ISO Regional Expansion Criteria and Benefits (“RECB”) charges (“MISO Schedule 26 and 26A”)**

This Petition includes costs associated with RECB designated transmission projects. Xcel Energy incurs charges from the MISO to pay for a portion of transmission investments of other electric utilities pursuant to Attachment FF of the MISO Open Access Transmission, Energy, and Operating Reserve Markets Tariff. Attachment FF specifies the cost allocation procedures for new transmission projects within the MISO footprint. Projects subject to RECB cost allocation are identified and selected



through the MISO Transmission Expansion Plan (“MTEP”). Allocation and cost recovery methods for RECB projects are specified in detail in Attachment FF, Attachment GG, MM, Schedule 26 and Schedule 26A of the MISO Tariff. The Midwest ISO’s annual MTEP review process identifies those transmission projects that will be included in Appendix A to the MTEP and the appropriate cost-sharing mechanism is identified for each project.

The cost allocation methodology applied to RECB projects in this Petition conforms with the hybrid methodology adopted by the Commission in the Otter Tail Docket No. EL10-015. The regional transmission projects Xcel Energy proposes for hybrid allocation are discussed below.

#### **iv. Regional Transmission Projects Subject to Hybrid Method of Cost Allocation**

Commission staff has requested that the Company use a hybrid, or split cost allocation method for regional transmission investments (those that qualify for regional cost allocation through MISO’s tariff). The proposed cost recovery projects in this Petition that are subject to Hybrid allocation include the CapX2020 Fargo, Brookings, La Crosse and Bemidji projects. Attachment 39 provides the percentage breakdown of the allocation split between state and FERC jurisdictions. This hybrid methodology best facilitates cost allocation of investments to the jurisdiction creating the need for the investment.

Under the hybrid method, the CapX2020 project costs will be allocated on a percent-of responsibility basis. These regional CapX2020 transmission investments for which the Company is allocated MISO Schedule 26 charges will be allocated to the state jurisdiction. They will be included in retail rate base for TCR recovery until they are rolled into base rates in a future rate case.

### **C. Tracker Account and Accounting**

#### ***i.* TCR Tracker Account**

The Company uses a tracker account as the accounting mechanism for eligible TCR project costs. The revenue requirements included in the Tracker are only those related to South Dakota’s share of eligible projects. In making our calculations, the Company used the most current data available at the time of this filing and apply the composite demand allocator described previously, which serves to:

- Allocate a share of the total costs to NSPW.
- Exclude the portion of Company costs not related to serving South Dakota retail customers. This step allocates a share of costs to the North Dakota and Minnesota retail jurisdictions, and to the firm requirements wholesale sales jurisdiction.

The result of this allocation process is that South Dakota electric customers are allocated approximately 4.8% of total transmission costs. By performing this cost allocation process, we ensure that electric customers in other jurisdictions are allocated a share of TCR revenue requirements, consistent with the Company's allocation of similar costs in a general rate case.

Each month as revenues are collected from retail customers, the Company tracks the amount of recovery under the TCR rate adjustment and compares that amount with the monthly revenue requirements. The difference is recorded in the Tracker account as the amount of over/under recovery. A carrying charge is calculated monthly on the over- or under-recovered balance and added to the tracker balance. Any over- or under-recovery balance at the end of the year is used in the calculation of the rate adjustment factor for the next year's forecasted revenue requirement.

#### ***ii.* Accounting for the Tracker**

Xcel Energy calculates the monthly South Dakota jurisdictional revenue requirements (including appropriate overall return, income taxes, property taxes and depreciation), compares them with monthly TCR rate rider recoveries from customers and places the net amount in FERC Account 182.3, Other Regulatory Assets (the Tracker Account).

### **D. Project Cost Recovery**

#### ***i.* Summary**

The Cost Recovery and TCR Rate section provides support for the proposed 2012 TCR rates. This information is summarized as follows:

- The projected TCR tracker activity for 2012, including both revenue requirements and projected revenues, is included in Attachment 4.
- The projected 2012 revenue requirements proposed to be recovered under the TCR adjustment rates from South Dakota electric customers are approximately

\$2.5 million. Support for this amount is included in Attachment 4. These calculations are discussed in detail below.

- Projected revenues are calculated by month as shown in Attachment 5 and are based on forecast 2012 State of South Dakota budget sales by calendar month.
- The development of the TCR adjustment factor is included in Attachment 6. The proposed factor is shown on the next page.

**ii. Proposed 2012 TCR Adjustment Factors**

The Company's TCR rate design is the annual calculated revenue requirements (including the current year South Dakota jurisdictional project costs and the carryover balance from the previous year) divided by the total annual forecast kWh to South Dakota electric sales for retail customers. This calculation is shown on Attachment 6.

Based on this rate design, we propose the following TCR adjustment factor:

	Rate/kWh
All Customers	\$0.001453

The average bill impact for a residential customer using 750 kWh per month would be \$1.09 per month.

**iii. 2012 TCR Rider Revenue Requirements**

The 2012 revenue requirements in support of the proposed TCR adjustment rates are set forth in Attachment 4. The Transmission Statute provides guidance on the calculation of revenue requirements in S. D. Codified Laws 49-34A-25.2. The Company incorporates Parts 2 through 5 of that section into the transmission project revenue requirements model in 2012. The following explains how we apply these provisions.

*S. D. Codified Laws 49-34A-25.2 (2) Allows a return on investment at the level approved in the public utility's last general rate case, unless a different return is found to be consistent with the public interest.*

The overall cost of capital to be used in the TCR Rider revenue requirement calculations is explained in Section 6 A i above.

*S. D. Codified Laws 49-34A-25.2 (3) Provides for a current return on construction work in progress, if the recovery from retail customers for the allowance for funds used during construction is not sought through any other mechanism.*

The Company's 2011-2012 TCR revenue requirement model includes a current return on capital expenditures beginning with the cumulative CWIP balance for each project at eligibility date, or the date construction expenditures begin after that date, whichever is sooner. The beginning CWIP balance includes Allowance for Funds Used During Construction ("AFUDC") incurred prior to project eligibility date. After that date, the South Dakota jurisdictional portion of costs does not include AFUDC and a current return is calculated on the CWIP balance.

*S. D. Codified Laws 49-34A-25.2(4) Allocates project costs appropriately between wholesale and retail customers;*

Project costs are allocated to the State of South Dakota retail jurisdiction based on the demand allocator, excluding demands for NSPW as well as the Company's North Dakota, Minnesota, and wholesale customer demands. In addition, to ensure no double recovery occurs from Open Access Transmission Tariff ("OATT") revenue collected from non-NSP native load customers, the Company will apply an OATT revenue credit calculated based on a forecast of OATT revenue collections divided by the transmission revenue requirements included in the OATT rate calculation for the Company's pricing zone under the Midwest ISO Transmission and Energy Markets Tariff ("MISO TEMT").

For purposes of calculating projected revenue requirements, the Company proposes to use 2012 forecast demand allocators. Any resulting over/under recovery from customers as a result of the use of the 2012 demand factors will be reflected in the true up of 2012 revenues when determining the 2013 TCR adjustment rate. These demand allocators are shown in Attachment 31.

In addition to inclusion of the above provisions in the Transmission Statute project revenue requirements model and consistent with the Commission's order in Docket No. EL07-007, we include the following related costs: property taxes, current and deferred taxes and book depreciation. Attachments 8-30 show the revenue requirement calculations for the proposed TCR projects.

## **(7) Proposed Effective Date of Modified Rate**

As provided under S. D. Codified Laws 49-34A-17, we propose to implement rates the billing cycle following Commission approval or within thirty days after filing this

Petition, whichever is earlier. The Company proposes to calculate the TCR factors based on forecasted sales over the remaining months of 2012 in an effort to match as closely as possible 2012 revenue recoveries and 2012 revenue requirements.

### **(8) Approximation of Annual Increase in Revenue**

Attachment 7 shows the TCR Tracker Account activity from 2009 through 2012. When the tracker balance from 2011 is combined with the revenue requirements from Attachment 4 for 2012, it results in a revenue requirement of \$2.5 million for 2012. If approved, this amount would be passed to customers from March to December 2012 through this tariff mechanism. The 2012 revenue requirement represents a \$2.3 million increase in revenue when compared to the \$188,837 estimated to be recovered through the TCR during 2011.

### **(9) Points Affected**

The proposed rate adjustment would be applicable to all areas served by Xcel Energy in South Dakota.

### **(10) Estimation of the Number of Customers whose Cost of Service will be Affected and Annual Amounts of either Increases or Decreases, or both, in Cost of Service to those Customers**

This tariff rider is proposed to be applied to all customers throughout all customer classes as described within this petition. Xcel Energy presently serves 83,000 customers in 36 communities in eastern South Dakota.

### **(11) Statement of Facts, Expert Opinions, Documents, and Exhibits to Support the Proposed Changes**

Supporting information is provided in narrative throughout this Petition and in the attached Exhibits.

#### **PLANNED CUSTOMER NOTICE**

The Company plans to provide notice to customers regarding inclusion of this cost on their monthly electric bill. The following is proposed language to be included as a notice on the customers' bill the month the TCR factor is implemented:

“This month the Transmission Cost Recovery (TCR) Adjustment, which recovers the costs and expenses of new or modified transmission facilities, will be increasing from \$0.000094 per kWh to \$0.001453 per kWh. Questions? Contact us at 1-800-895-4999”

We will work with the Commission Staff to determine if there are any suggestions to modify this notice.

### **CONFIDENTIAL INFORMATION**

Pursuant to South Dakota Admin. R. 20:10:01:41, we provide the following support for our request to classify certain documentation as confidential trade secret data.

We request confidential treatment of Attachment 31 Pursuant to S.D. Codified Laws Chapter 20:10:01:41. The Company submits the following justification for confidential treatment of Attachment 31.

- (1) An identification of the document and the general subject matter of the materials or the portions of the document for which confidentiality is being requested.**

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. Attachment 31 contains financial information that is not available to the general public.

- (2) The length of time for which confidentiality is being requested and a request for handling at the end of that time. This does not preclude a later request to extend the period of confidential treatment.**

The Company requests that Attachment 31 be recognized as trade secret data in perpetuity.

- (3) The name, address, and phone number of a person to be contacted regarding the confidentiality request.**

James C. Wilcox  
Manager, Regulatory Administration  
500 W. Russell Street  
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- (4) The statutory or common law grounds and any administrative rules under which confidentiality is requested. Failure to include all possible grounds for confidential treatment does not preclude the party from raising additional grounds in the future.**

In accordance with South Dakota Admin. R. 20:10:01:39 through 42, Xcel Energy respectfully requests confidential treatment of certain information contained in this filing. In compliance with South Dakota Admin. R. 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.

The claim for confidential treatment is based on South Dakota Admin. R. 20:10:01:39 (4) and S.D. Codified Laws Chapter 1-27-30. The information contained within the referenced documents meets the definition of “trade secret” under S.D. Codified Laws Chapter 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 S.D. Codified Laws Chapter 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 factual basis that qualifies the information for confidentiality under the authority cited.**

The South Dakota Public Utilities Commission mandated that the Company’s cost of capital be kept trade secret. The Commission made this determination in the Company’s 2009 electric rate case.

#### **APPEARANCE OF COUNSEL**

The Company will be represented in this proceeding by the following counsel upon whom all pleadings, documents and other filings should be served:

Brett Koenecke  
May Adam Gerdes and Thompson, LLP  
PO Box 160  
503 S Pierre St.  
Pierre, SD 57501

## CONCLUSION

Xcel Energy respectfully requests that the Commission approve the proposed transmission projects as eligible for recovery and approve the revised TCR Rider Adjustment Factor for 2012 described in this filing. This revised factor is designed to recover the costs associated with significant investments in needed transmission infrastructure. The Company appreciates the interest and efforts of South Dakota policy makers in supporting that effort.

Dated: April 30, 2012

Northern States Power Company

Respectfully submitted by:



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JAMES C. WILCOX  
MANAGER  
GOVERNMENT & REGULATORY AFFAIRS