



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

June 29, 2012

—VIA ELECTRONIC FILING AND FED-EX—

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 FOR AUTHORITY TO  
INCREASE RATES FOR ELECTRIC SERVICE IN SOUTH DAKOTA  
DOCKET NO. EL12-\_\_\_

Dear Ms. Van Gerpen:

Northern States Power Company submits its Application to the South Dakota Public Utilities 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 \$19.368 million, or about 11.53 percent, effective for electric service on and after August 13, 2012, unless the rates are suspended by the Commission.<sup>1</sup> The test year for the proposed increase is based on 2011 actual data, with known and measurable changes for 2012 and 2013, and other appropriate adjustments.

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

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<sup>1</sup> We have incorporated the Commission's June 19, 2012 verbal decisions from our prior rate case, Docket EL11-019, in calculating the proposed increase in this current request. At the time the Application was prepared a written order in that docket had not yet been received. Pursuant to SDCL § 49-34A-16, suspended rates cannot go into effect earlier than 45 days after the written order in Docket EL11-019.

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 – James M. Coyne

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 PF37, Wholesale Billing  
Page PF37-3

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. Page PF37-3 is designated as confidential and contains 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.

Page PF37-3 in Volume 3 - Workpapers contains 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  
Xcel Energy Services Inc.  
414 Nicollet Mall  
Minneapolis, MN 55401  
612-330-5532

Sincerely,

A handwritten signature in cursive script, appearing to read "J C Wilcox".

JAMES C. WILCOX  
MANAGER, GOVERNMENT AND REGULATORY AFFAIRS

Enclosures

PUBLIC UTILITIES COMMISSION  
STATE OF SOUTH DAKOTA

Chris Nelson  
Kristie Fiegen  
Gary Hanson

Chairman  
Vice Chairman  
Commissioner

IN THE MATTER OF THE APPLICATION )  
OF NORTHERN STATES POWER )  
COMPANY FOR AUTHORITY TO )  
INCREASE RATES FOR ELECTRIC )  
SERVICE IN THE STATE OF SOUTH )  
DAKOTA )

DOCKET NO. EL12-\_\_\_\_\_

**NOTICE OF CHANGE IN RATES**

**NOTICE**

Northern States Power Company hereby gives notice to the South Dakota Public Utilities Commission of its Application for a change in retail electric rates. Xcel Energy submits to the Commission the revised rate schedules, supporting testimony and exhibits, and required statements that support the requested changes.

The effect of the proposed change in rates is an annual increase in base rate (*i.e.*, non-fuel) electric revenues of approximately \$19.368 million, or about 11.53 percent, effective for electric service on and after August 13, 2012, unless the rates are suspended by the Commission.<sup>1</sup> Increases to individual customers within a class will vary depending on particular usage patterns.

The Company is submitting prepared direct testimony and schedules by the following witnesses:

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<sup>1</sup> We have incorporated the Commission's June 19, 2012 verbal decisions from our prior rate case, Docket EL11-019, in calculating the proposed increase in this current request. At the time the Application was prepared a written order in that docket had not yet been received. Pursuant to SDCL § 49-34A-16, suspended rates cannot go into effect earlier than 45 days after the written order in Docket EL11-019.

<b>Witness</b>	<b>Testimony</b>
Laura McCarten	Policy
Thomas E. Kramer	Revenue Requirements
James M. Coyne	Rate of Return / Return on Equity
Michael E. Peppin	CCOSS
Steven V. Huso	Rate Design

## **RULE COMPLIANCE**

### **A. Report of Tariff Changes**

As part of this Notice, Xcel Energy files our revised rate sheets in both legislative and non-legislative format in Volume 2. The rate information and description of the rate and tariff changes required by ARSD § 20:10:13:26, are included in Volume 2 in Mr. Steven V. Huso’s Schedules 7, 8, and 9.

### **B. Attestation of Chief Accounting Officer**

The Attestation of the Chief Accounting Officer, required by ARSD § 20:10:13:50 is attached to this Notice.

### **C. Revenue Estimates, Cost of Service Study, and Statement of System Costs**

The Revenue Estimates as required by ARSD § 20:10:13:41 is contained in Statement I. The class cost of service study required by ARSD § 20:10:13:43 is found in Statement O. The statement of system costs required by ARSD § 20:10:13:44 is primarily found in Statement N. These Statements are included in Volume 1.

### **D. Notice**

In compliance with ARSD §§ 20:10:13:18 and 19, the Company will notify customers of the proposed increase in electric service rates by posting in a prominent location the Rate Increase Notice attached to this Notice at its local customer service center in Sioux Falls for at least thirty (30) days prior to the rates taking effect. The notice will state that the proposed rates are available in that office for inspection. We will also issue a press release and post the Application, Testimony, and supporting documentation on our website. Additionally, notice to individuals will be sent with their August bills.

Xcel Energy does not waive any right it may have to update and amend this notice or the statements of fact, expert opinions, substantiating documents and exhibits in support hereof, and to produce other or additional statements of fact, expert opinions, substantiating documents, and exhibits to meet all claims, objections and allegations that may be made by any party to this proceeding.

Dated: June 29, 2012

Northern States Power Company

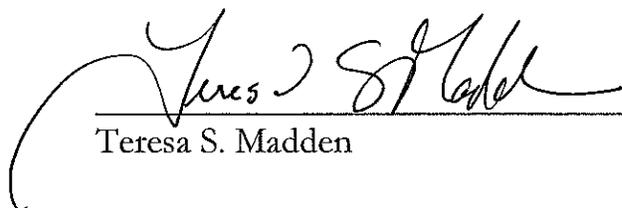
RESPECTFULLY SUBMITTED,

A handwritten signature in dark ink that reads "Laura McCarten". The signature is written in a cursive, flowing style.

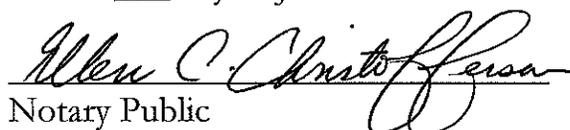
LAURA MCCARTEN  
REGIONAL VICE PRESIDENT

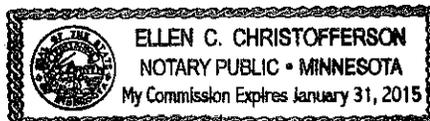
ATTESTATION OF AUTHORIZED ACCOUNTING  
REPRESENTATIVE

I, Teresa S. Madden, Senior Vice President and Chief Financial Officer of Northern States Power Company, do hereby represent that the cost statements, working papers, and other supporting data submitted as part of this filing, which purport to reflect the books of Northern States Power Company, in fact, set forth the results shown in the books.

  
\_\_\_\_\_  
Teresa S. Madden

Subscribed and sworn to before me this 26<sup>th</sup> day of June 2012.

  
\_\_\_\_\_  
Notary Public



## **RATE INCREASE NOTICE**

On June 29, 2012, Northern States Power Company, an Xcel Energy company operating in South Dakota, asked the South Dakota Public Utilities Commission (SDPUC) for permission to increase its electricity rates by \$19.4 million or approximately 11.5 percent effective Aug. 13, 2012<sup>1</sup>, unless suspended by the SDPUC.

Xcel Energy's last request for a rate increase was in 2011. Since that time, Xcel Energy has made significant investments in its plants and infrastructure. In addition, general economic trends have increased the costs of operating our business. Also, the cost of meeting new and increasing federal safety and reliability requirements has grown. A rate increase is necessary at this time in order to support our need to continue to make investments in our system and provide safe, reliable, efficient energy in the future.

The actual impact of the requested rate increase on individual customer bills will vary depending on the customer's rate class and amount of energy used. Based on this request, a typical residential electric customer using 750 kWh per month would see an increase of 12.7 percent, or \$9.82 per month. The increases experienced by commercial and industrial customers will vary depending on rate class, load factor, and amount and nature of use. The actual amount of any rate adjustments will be determined by the SDPUC and such amounts could be greater or less than initially requested.

Under South Dakota law, SDCL 49-34A-12, a customer has a right to join with 24 other customers in Xcel Energy's service area [25 in total] to file a written objection to this proposed increase. Customers may request the SDPUC to suspend the rate increase and hold a public hearing to determine whether such a rate increase should be allowed.

### **For More Information**

You may visit Xcel Energy's Sioux Falls office at 500 West Russell Street during normal business hours to examine the current and proposed rate schedules.

You may also examine current and proposed rate schedules and filing documents by visiting our website at [www.xcelenergy.com](http://www.xcelenergy.com) and clicking on "Rates, Rights and Service Rules" under the "About Us" tab.

Or, you may search the 2012 Electric Dockets on the SDPUC's website:  
<http://puc.sd.gov/Dockets/Electric/2012/default.aspx>

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<sup>1</sup> We have incorporated the SDPUC's June 19, 2012 verbal decisions from our prior rate case, Docket EL11-019, in calculating the proposed increase in this current request. At the time the Application was prepared a written order in that docket had not yet been received.