

**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 2014 TRANSMISSION
COST RECOVERY ELIGIBILITY AND RATE
RIDER ADJUSTMENT

DOCKET NO. EL14-____

**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 2014 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, which authorizes 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:

- TCR revenue requirements and rate adjustment factor for 2014;
- the TCR tracker report for approved transmission project investments; and
- proposed revised TCR Rider tariff sheets.

The current TCR adjustment factor was set to \$0 on July 1, 2013 to avoid over-collecting the 2013 revenue requirements that had been recovered by June 2013 due to the higher TCR rate in effect beginning September 1, 2012 from our prior TCR filing (Docket No. EL12-035). The Commission approved the rate of \$0 on June 18, 2013 and the revenue requirements for 2013 were approved by the Commission on December 3, 2013 per the Settlement Stipulation signed by the Company and PUC Staff in Docket No. EL13-006.

We have prepared this Petition in accord with the Settlement Stipulation and Commission Order in our last TCR rider filing and have followed the approved cost recovery methodology.

For 2014, we propose to begin recovery of the South Dakota jurisdictional portion of the revenue requirements related to twenty-two transmission projects located throughout our service territory. We propose to recover \$3.97 million associated with these projects for the 2014 calendar year (see Attachment 5). Included in the \$3.97 million figure is the 2013 over-collection balance of \$407,217. The 2014 revenue requirement calculations take into account the lack of revenue collection due to the \$0 factor in place for the first three months of 2014.

The total of the transmission investment costs and the tracker balance results in an average bill impact of \$1.95 per month for a typical residential electric customer using 750 kWh per month. This is an increase of \$1.95 per month from the current TCR Rider recovery because the rate is currently set at \$0. We propose to implement a rate of \$0.002606 per kWh applied to all energy billed to each customer class beginning April 1, 2014 through December 2014.

REQUIRED INFORMATION

Following is information specified in S.D. Codified Laws Chapter 49-34A Sections 25.1 through 25.4 and S. D. Admin. R. 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 15 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 July 1, 2013. 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.

This petition includes costs for 2014 and the true-up amount from previous years. None of these costs are included in base rates.

(5) Present Rate

The current rate for all customer classes is \$0.000000 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 2014 rate factor for all customer classes of \$0.002606 per kWh. The rate was 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.

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.

We have calculated our revenue requirement consistent with the approved Settlement Stipulation in our last approved TCR Rate Rider filing, Docket No. EL13-006. The capital structure approved in that docket was addressed on page 6, Section 5, where it was stated that the parties agreed:

The overall rate of return is based on the Company's actual capital structure, including short-term debt, actual long-term debt costs as of December 31, 2012, 12-month average short-term debt costs as of December 31, 2012, and an agreed upon return on equity (ROE).

The 2014 overall rate of return is based on the Company's actual capital structure—including short-term debt, actual long-term debt costs as of December 31, 2013 and 12-month average short-term debt costs as of December 31, 2013—and the return on equity (ROE) approved by the Commission in the last rate case (Docket No. EL12-046). The 2014 overall rate of return is preliminary and will be finalized as part of the Company's 10K filed at the end of February. If necessary, the Company will update the overall rate of return if the final ROR differs from that used in this petition.

ii. **Implementation**

Attachment 15 provides the proposed revised tariff sheets to implement the proposed TCR rate adjustment. The rate factor is based on forecast costs for the 2014 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 following projects were approved for recovery by the Commission in our Transmission Cost Recovery Rider in Docket No. EL12-035, and re-affirmed for inclusion in our most recent TCR rate rider filing, Docket No. EL13-006. We continue to seek recovery of these projects in 2014:

- CapX2020 Brookings – Twins Cities
- CapX2020 Bemidji
- CapX2020 Fargo – Twin Cities
- CapX2020 La Crosse-Local
- CapX2020 La Crosse-MISO
- CapX2020 La Crosse-WI
- Pleasant Valley – Byron
- Glencoe – Waconia
- Sioux Falls Northern
- Grove Lake – Glenwood
- Sauk Center – Osakis
- Hollydale
- Meadow Lake
- Chisago – Apple River

The following projects were approved for recovery by the Commission in our last Transmission Cost Recovery Rider in Docket No. EL13-006, and we continue to seek recovery of these projects in 2014:

- Bluff Creek – Westgate
- Chaska – Hwy 212 Conversion
- Minn Valley
- Maple River – Red River
- Big Stone – Brookings 345 kV transmission line
- Lake Marion - Burnsville
- Maple Lake – Annandale
- Wilmarth – Carver County

Full details of these projects were provided in Docket Nos. EL12-035 and EL13-006. There have been no substantive changes in these projects since their approval. We

are not seeking eligibility determinations of any new projects at this time. A complete list of projects is also provided in Attachment 1, and maps of these projects are provided in Attachment 17.

In addition to these projects, we are also seeking recovery of net Schedule 26 and 26A revenues and expenses (also known as RECB costs) as provided for under the Midcontinent ISO (MISO) Tariff and discussed later in this 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 list of projects we believe are eligible for recovery under the TCR Rider. Attachment 17 provides maps showing the locations of the facilities identified 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 reports the capital expenditure forecast for each project included in the TCR. Actual capital expenditures are reported through December 2013 and forecast capital expenditures are reported through 2017. Attachment 14 shows the development of 2014 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.¹ 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. (The allocators are provided in Attachment 10.)

(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. First, Xcel Energy transmission planners analyze up to a dozen project alternatives for a given project. Each alternative is then evaluated based on performance, cost, efficiency as measured by energy losses, and the enhancement of reliability to local consumers. Such analysis was performed for the projects included in this petition for cost recovery. Second, 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 9 contains the calculation of the proposed 2014 TCR rate factor. We believe that these calculations are consistent with the terms of the TCR tariff proposed in Attachment 15.

¹ On December 31, 2013, NSPM's last full requirements wholesale customer left the NSP system. Therefore, beginning January 2014, the NSPM 12 coincident peak demand allocator includes no demands for the wholesale jurisdiction and the resultant cost allocations assign no transmission costs to the wholesale jurisdiction.

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. Midcontinent 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 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. MISO'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 to the hybrid methodology approved by the Commission in the Settlement Stipulation in our TCR rider Petition in Docket No. EL12-035 and reaffirmed in Docket No. EL13-006. The regional transmission projects Xcel Energy proposes for hybrid allocation are discussed below.

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

In accordance with the Commission's Order in our last several TCR filings, the Company has used a hybrid, or split cost allocation method for regional transmission investments (those that qualify for regional cost allocation through MISO's tariff). The projects included in this Petition that are subject to hybrid allocation and were approved for inclusion in TCR rider recovery in Docket No. EL12-035 are the

CapX2020 Fargo, Brookings, La Crosse and Bemidji projects. The Big Stone – Brookings project, approved in our most recent TCR rider Petition in Docket No. 13-006, is also subject to this hybrid allocation. On Attachment 12: “MISO Determined NSP Responsibility”, the allocations listed provide 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.

In addition to these larger transmission projects that are subject to regional cost allocation, MISO has designated three lower voltage transmission projects that are also eligible for regional cost sharing. However, because the voltage level of these projects are below 300 kV, the cost sharing results of the MISO tariff make these project more local than regional in their cost sharing results. These three projects are the Pleasant Valley – Byron, Glencoe – Waconia and Minn Valley transmission projects. Attachment 12 also provides the percentage breakdown of the allocation split for these projects.

Under the hybrid method, the regionally shared project costs will be allocated on a percent-of responsibility basis. These regional transmission investments for which the Company is allocated MISO Schedule 26 and 26A 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 applied 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.²

² On December 31, 2013, NSPM’s last full requirements wholesale customer left the NSP system. See footnote 1.

The result of this allocation process is that South Dakota electric customers are allocated approximately 5.2 percent 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 2014 TCR rates. This information is summarized as follows:

- The projected TCR tracker activity for 2014, including both revenue requirements and projected revenues, is included in Attachment 5.
- The projected 2014 revenue requirements proposed to be recovered under the TCR adjustment rates from South Dakota electric customers are approximately \$3.97 million. Support for this amount is included in Attachment 5. These calculations are discussed in detail below.
- Projected revenues are calculated by month as shown in Attachment 9 and are based on forecast 2014 State of South Dakota budget sales by calendar month.
- The development of the TCR adjustment factor is included in Attachment 9. The proposed factor is shown below.

ii. Proposed 2014 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 energy sales to South Dakota electric sales for retail customers from April through December 2014. This calculation is shown on Attachment 9.

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

Table 1: 2014 Rate Factor Calculation

	Retail
TCR Adjustment Factor Cost Per kWh	\$0.002606
SD retail Sales <i>Apr.-Dec. 2014</i>	1,523,035,808
<i>Apr.-Dec. 2014 Revenue Requirement</i>	\$3,417,932
<i>March 2014 Carry-Forward Balance</i>	\$551,577
SD retail Cost <i>Apr.-Dec. 2014</i>	\$3,969,509

The average bill impact for a residential customer using 750 kWh per month would be \$1.95 per month. See Attachment 16 for our proposed customer bill notice.

iii. 2014 TCR Rider Revenue Requirements

The 2014 revenue requirements in support of the proposed TCR adjustment rates are set forth in Attachment 5. 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 2013. 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 2014 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 the 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 MISO Transmission and Energy Markets Tariff (MISO TEMT).

For purposes of calculating projected revenue requirements, the Company proposes to use 2014 forecast demand allocators. Any resulting over/under recovery from customers as a result of the use of the 2014 demand factors will be reflected in the true up of 2014 revenues when determining the 2014 TCR adjustment rate. These demand allocators are shown in Attachment 10.

In addition to the inclusion of the above provisions in the Transmission Statute project revenue requirements model and consistent with the Commission's Orders in Docket Nos. EL11-019 and EL12-035, we include the following related costs: property taxes, current and deferred taxes and book depreciation. Attachment 14 shows the revenue requirement calculations for the proposed TCR projects.

(7) Proposed Effective Date of Modified Rate

Consistent with the 30-day notice requirement under S.D. Codified Laws 49-34A-17, we propose to implement rates April 1, 2014. If the Commission acts to suspend the proposed rates, we propose to implement the rates the first billing cycle following Commission approval, or at that time the proposed rates are no longer subject to suspension.

(8) Approximation of Annual Increase in Revenue

Attachment 4 shows the TCR Tracker Account activity from 2012 through 2015. The balances in these reports have changed slightly from the reports we submitted as part of the Settlement of our last TCR docket (Docket EL13-006). Since that time, we have identified minor updates to actual 2011 and 2012 revenue requirements. The effect of these Tracker updates is to reduce our cumulative 2011 and 2012 revenue requirement as approved in our last TCR docket by \$25,759. The net effect of these updates is in the favor of our customers; therefore, we are proposing to make these changes in the present Petition where we report our past TCR Tracker Account activity.

When the tracker balance from 2013 is combined with the revenue requirements from Attachment 5 for 2014, it results in a revenue requirement of \$3.97 million for 2014. For illustrative purposes for this filing, we have calculated this amount to be passed to customers from April through December 2014 through this tariff mechanism. Pending the timing of Commission approval, we will recalculate the factor based on when we can implement the new rate. The 2014 revenue requirement represents a \$1,028,463 increase in revenue when compared to the \$2.9 million recovered through the TCR in 2013.

(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 approximately 85,000 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

In accordance with ARSD 20:10:16:01(2), the Company plans to provide notice to customers comparing the prior rate and the new rate on a bill insert. Attachment 16 includes the language we propose be included with customers' bills the month the TCR factor is implemented, or as soon as is practicable after implementation of the factor.

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

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

- (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 10 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 10 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
P.O. Box 988
Sioux Falls, South Dakota 57101
(605) 339-8350

(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 2012 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:

Kari L. Valley
Assistant General Counsel
Xcel Energy
414 Nicollet Mall, 5th Floor
Minneapolis, MN 55401

We request that all communications regarding this proceeding, including data requests, also be directed to:

SaGonna Thompson
Records Analyst
Xcel Energy Services Inc.
414 Nicollet Mall
Minneapolis, MN 55401
Regulatory.Records@xcelenergy.com

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 2014 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: February 21, 2014

Northern States Power Company

Respectfully submitted by:

A handwritten signature in black ink, appearing to read "J C Wilcox". The signature is written in a cursive style with a large initial "J" and "C".

JAMES C. WILCOX
PRINCIPAL MANAGER