

**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 2015 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 2015 Transmission Cost Recovery (TCR) Rider, TCR 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 Adjustment Factor to reflect current projects and expenditures and the TCR tracker true-up.

This Petition seeks Commission approval of:

- TCR revenue requirements and TCR Adjustment Factor for 2015;
- the TCR Tracker Report for approved transmission project investments; and
- proposed revised TCR Rider tariff sheets.

The Commission approved the revenue requirements for 2014 in its April 17, 2014 ORDER APPROVING 2014 TRANSMISSION COST RECOVER ADJUSTMENT. A TCR Adjustment Factor of \$0.002868 was implemented on May 1, 2014. We have prepared this Petition in accord with the Commission Order in our last TCR rider filing and have followed the approved cost recovery methodology.

For 2015, we propose to recover the South Dakota jurisdictional portion of the revenue requirements related to fifteen transmission projects located throughout our

service territory and associated net RECB Schedule 26 and 26A revenues and expenses. We propose to recover \$4.97 million of revenue requirements associated with these projects for the 2015 calendar year (see Attachment 7). Included in the \$4.97 million figure is the 2014 TCR Tracker Report true-up over collection balance of \$256,483.

The total of the transmission investment costs and the Tracker Account balance results in an average bill impact of \$1.82 per month for a typical residential electric customer using 750 kWh per month. This is a decrease of \$0.33<sup>1</sup> per month from the current TCR Adjustment Factor. We propose to implement a TCR Adjustment Factor of \$0.002425 per kWh applied to all energy billed to each customer class beginning January 1, 2015.

S. D. Codified Laws 49-34A-25.4 provides that:

*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 TCR Statute, Xcel Energy respectfully requests Commission approval of these projects for TCR recovery.

### **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 Adjustment Factor and rider tariff.

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

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

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<sup>1</sup> The present rate was calculated to be collected over an 8-month time period instead of 12 months.

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

Xcel Energy proposes to revise its TCR 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 TCR Adjustment Factor.

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

This request revises the TCR Adjustment Factor shown as a separate line item on customer bills. The current TCR Adjustment Factor became effective on May 1, 2014. We propose the new 2015 TCR Adjustment Factor of \$0.002425 be effective on January 1, 2015.

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

Xcel Energy first petitioned the Commission for approval of a TCR Rider mechanism 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. The TCR Adjustment Factor has been updated periodically since the mechanism was approved in 2009 to reflect new facilities. 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 2015 and the true-up amount from previous years. None of these costs are included in base rates, nor are they proposed to be recovered in the currently pending electric rate case (Docket No. EL14-058).

**(5) Present Rate**

The current rate for all customer classes is \$0.002868 per kWh.

**(6) Proposed Rate**

**A. Proposed Tariff**

*i. Authority*

The following statutes establish Commission authority for considering and approving the revised TCR Adjustment Factor proposed in this Petition. The Company

proposes a 2015 TCR Adjustment Factor for all customer classes of \$0.002425 per kWh. The TCR Adjustment Factor 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 methodology approved by the Commission in our last two TCR Rider filings in Docket Nos. EL13-006 and EL14-016. The 2015 overall rate of return is based on the Company's forecasted capital structure—including short-term debt, actual long-term debt costs as of December 31, 2014 and 12-month average short-term debt costs as of December 31, 2014—and the return on equity (ROE) approved by the Commission in the last rate case (Docket No. EL12-046). The 2015 overall rate of return is preliminary and will be finalized as part of the Company's 10-K filed at the end of February 2015.

*ii. Implementation*

Attachment 15 provides the proposed revised tariff sheet to implement the proposed TCR Adjustment Factor based on forecasted costs for the 2015 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 Rider recoveries from customers and the actual revenue requirements for the period.

**B. Eligible Transmission Projects**

*i. Summary*

We are not seeking to include any new projects in this Petition. The following projects were approved for recovery by the Commission in our TCR Rider in Docket No. EL12-035, and re-affirmed for inclusion in our most recent TCR Rider filing, Docket No. EL14-016. We continue to seek recovery of these projects in 2015:

- CapX2020 Brookings – Twins Cities
- CapX2020 Fargo – Twin Cities
- CapX2020 La Crosse-Local
- CapX2020 La Crosse-MISO
- CapX2020 La Crosse-WI
- Glencoe – Waconia
- Sioux Falls Northern

The following projects were approved for recovery by the Commission in our TCR Rider in Docket No. EL13-006 and also reaffirmed for inclusion in Docket No. EL14-016. We continue to seek recovery of these projects in 2015:

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

The following projects have been removed from this TCR Rider filing. We have proposed to move the following project costs into base rates in the currently-pending rate case, Docket No. EL14-058:

- CapX2020 – Bemidji
- Pleasant Valley – Byron
- Grove Lake – Glenwood

- Sauk Center – Osakis
- Meadow Lake<sup>2</sup>
- Chisago – Apple River

In addition, we have not included Hollydale project costs consistent with the Commission’s decision in our last TCR proceeding, Docket No. EL14-016.

Full details of these projects were provided in Docket Nos. EL12-035 and EL13-006. A complete list of projects is provided in Attachment 1 where we provide an update to the Bluff Creek project description. Project approvals and timelines are provided in Attachment 2, and maps of the 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 and shown in Attachment 13) as provided for under the Midcontinent Independent System Operator, Inc. (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.

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<sup>2</sup> In our response to Data Request No. 2-012 in Docket No. EL14-058, we indicated that we would provide an update on developments and cost projections associated with the Meadow Lake project in this TCR filing. There have not been any developments or changes to cost projections for this project since our DR response was submitted on August 6, 2014.

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

Attachment 3 reports the capital expenditure forecast for each project included in the TCR Rider. Actual capital expenditures are reported through June 2014 and forecast capital expenditures are reported through 2018. Attachment 14 shows the development of 2015 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 (NSPM) and Northern States Power Company – Wisconsin (NSPW) 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 then further allocated to its respective state jurisdictions (North Dakota, South Dakota, and Minnesota) based on a similar 12 month coincident peak (CP) methodology. A composite allocator is derived for purposes of assigning the transmission revenue requirements to South Dakota, as shown on 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 2015 TCR Adjustment Factor consistent with the terms of the TCR tariff proposed in Attachment 15.

*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, shown in Attachment 13, 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 Nos. EL13-006 and EL14-016. 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, and La Crosse projects. The Big Stone – Brookings project, approved for TCR rider recovery in Docket No. 13-006, is also subject to this hybrid allocation. On Attachment 12, 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 projects more local than regional in their cost sharing results. These three projects are the Pleasant Valley – Byron, Glencoe – Waconia and Minn Valley transmission projects; however the Pleasant Valley – Byron project is now in-service and we have proposed to move the project's costs into base rates in our pending rate case, so cost sharing for this project is only applicable to the 2014 TCR Tracker Report. 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. In addition, the 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**

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.

The result of this allocation process is that South Dakota electric customers are allocated approximately 5.3 and 5.4 percent of total transmission costs in 2014 and 2015, respectively. 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 Adjustment Factor and compares that amount with the monthly revenue requirements. The difference is recorded in the Tracker

Account as the amount of over or under recovery. The under-recovered amounts are recorded in FERC Account 182.3, Other Regulatory Assets, and the over-recovered amounts are recorded in FERC Account 254, Other Regulatory Liabilities (the Tracker Accounts). 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.

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

##### *i. Summary*

The Cost Recovery and TCR Rate section provides support for the proposed 2015 TCR rates. This information is summarized as follows:

- The projected TCR Tracker Account activity for 2015, including both revenue requirements and projected revenues, is included in Attachment 7.
- The projected 2015 revenue requirements proposed to be recovered under the TCR Adjustment Factor from South Dakota electric customers are approximately \$4.97 million. Support for this amount is included in Attachment 7. These calculations are discussed in detail below.
- Projected revenues are calculated by month as shown in Attachment 9 and are based on forecast 2015 State of South Dakota budget sales by calendar month.
- The development of the TCR Adjustment Factor is included in Attachment 9. The proposed TCR Adjustment Factor is shown below.

##### *ii. Proposed 2015 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 retail customers from January through December 2015. This calculation is shown on Attachment 9.

Based on this rate design, we propose the following TCR Adjustment Factor:

**Table 1: 2015 Rate Factor Calculation**

Retail	
TCR Adjustment Factor Cost Per kWh	\$0.002425
SD retail Sales 2015	2,047,999,043 kWh
2015 Revenue Requirement	\$5,222,389
2014 Carry-Forward Balance	\$(256,483)
<b>2015 Net SD retail Cost</b>	<b>\$4,965,906</b>

The average bill impact for a residential customer using 750 kWh per month would be \$1.82 per month. See Attachment 16 for our proposed customer bill notice.

*iii. 2015 TCR Rider Revenue Requirements*

Attachment 7 sets forth the 2015 revenue requirements in support of the proposed TCR Adjustment Factor. S. D. Codified Laws 49-34A-25.2 outlines the requirements for the calculation of the adjustment. The following explains how the Company applies 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.*

Please see Section 6 (A)(i) above for the discussion of the overall cost of capital to be used in the TCR Rider revenue requirement calculations.

*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 2015 TCR revenue requirement model includes a current return on capital expenditures beginning with the cumulative Construction Work in Progress (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 and Minnesota 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). See Attachment 11 for detailed OATT calculations

For purposes of calculating projected revenue requirements, the Company proposes to use 2015 forecast demand allocators. Any resulting over or under recovery from customers as a result of the use of the 2015 demand factors will be reflected in the true up of 2015 revenues when determining the 2016 TCR Adjustment Factor. These demand allocators are shown in Attachment 10.

In addition, consistent with the Commission's Orders in Docket Nos. EL11-019, EL12-035, and EL14-016, 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 January 1, 2015. If the Commission acts to suspend the proposed rates and our Petition has not been approved in time to implement January 1, 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 a summary of the TCR Tracker Account activity from 2013 through 2016. Attachments 5, 6, 7 and 8 provide detail for each year. When the Tracker Account balance from 2014 is combined with the revenue requirements from

Attachment 7 for 2015, it results in a revenue requirement of \$4.97 million for 2015. We have calculated this amount to be passed to customers from January through December 2015 through this tariff mechanism. Pending the timing of Commission approval, we will recalculate the TCR Adjustment Factor based on when we can implement the new rate. The proposed 2015 revenue requirements represent a \$1,243,549 increase compared to the \$3.72 million of revenue requirements approved through the TCR Rider in 2014.

**(9) Points Affected**

The proposed TCR Adjustment Factor 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 87,700 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 Adjustment Factor is implemented, or as soon as is practicable after implementation of the TCR Adjustment 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  
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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.**

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 Company’s cost of capital is trade secret consistent with the Settlement Stipulation and Commission Order in Docket EL12-046.

**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, 5<sup>th</sup> Floor  
Minneapolis, MN 55401

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

SaGonna Thompson  
Regulatory Administrator  
Xcel Energy Services Inc.  
414 Nicollet Mall  
Minneapolis, MN 55401  
[Regulatory.Records@xcelenergy.com](mailto: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 Adjustment Factor for 2015 described in this filing. This revised TCR Adjustment 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: August 29, 2014

Northern States Power Company