

- Non Public Document – Contains Trade Secret Data
- Public Document – Trade Secret Data Excised
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Xcel Energy

Docket No.: EL17-019

Response To: South Dakota Public  
Utilities Commission

Data Request No. 1-13

Requestor: Darren Kearney

Date Received: September 29, 2017

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Question:

Please provide the discount rate used in the 2016 and 2018 benefit/ cost models and the justification for using that discount rate.

Response:

For 2016, the discount rate used was [CONFIDENTIAL DATA BEGINS HERE  
CONFIDENTIAL DATA ENDS HERE]

For 2018, the discount rate used was [CONFIDENTIAL DATA BEGINS HERE  
CONFIDENTIAL DATA ENDS HERE]

These discount rates come from Northern States Power-MN weighted average cost of capital at the time the avoided energy, avoided generation, and avoided transmission and distribution values were calculated. The values for 2016 were calculated in April of 2012 and the 2018 values were calculated in April of 2016 in conjunction with the triennial plans filed for Minnesota Conservation Improvement Plans in Docket No. E,G002/ CIP-16-115.

NSP-MN weighted average cost of capital was used rather than the NSP-SD weighted average cost of capital as Minnesota ratepayers provide the majority of recovery for the NSP system, which is the basis for avoided generation, avoided transmission, and avoided energy. Given this, it was decided that the Minnesota weighted average cost of capital is the most accurate value to use in discounting the benefits from the NSP system. Further, the Minnesota values are very close to the approved weighted average cost of capital from the corresponding South Dakota rate cases, which are stated as follows.

[CONFIDENTIAL DATA BEGINS HERE]

CONFIDENTIAL DATA ENDS HERE]

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 Information Request as well as the trackers in Attachment A. In compliance with South Dakota Admin. R. 20:10:01:41, we have clearly marked Attachment A with the term “CONFIDENTIAL”. A public non-confidential version will be filed simultaneously.

Pursuant to S.D. Codified Laws Chapter 20:10:01:41, the Company submits the following justification for confidential treatment of this data request.

(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. The data request 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 the petition be recognized as confidential in perpetuity.

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

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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 Company requests confidential treatment because the information is both trade secret and proprietary. 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 “[d]erives 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.

Consistent with the terms of the Settlement Stipulation approved by the Commission in the Company’s 2012 electric rate case (Docket EL12-046), the rate of return on equity, which is in input in deriving the weighted average cost of capital, is confidential.

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