



**PUBLIC DOCUMENT
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500 West Russell Street
Sioux Falls, SD 57104

July 6, 2017

—Via Electronic Filing—

Ms. Patricia Van Gerpen, Executive Director
South Dakota Public Utilities Commission
State Capitol Building, 1st Floor
500 East Capitol Avenue
Pierre, SD 57501-5070

RE: JOINT SERVICE TERRITORY EXCHANGE AGREEMENT – AMENDED
DOCKET NO. EL17-020

Dear Ms. Van Gerpen:

Pursuant to ARSD § 20:10:01:41, the Company respectfully requests confidential treatment of the information provided in this filing. The Company addresses the Commission's five factors for consideration of confidential data as follows:

(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:

The enclosed Service Territory Exception Agreement (Attachment B) and associated map (Attachment K) provide the name and location of a point of service for a current Xcel Energy customer.

(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 data contained in this report be treated as confidential forever.

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

Steven T. Kolbeck

Xcel Energy
500 West Russell Street
Sioux Falls, SD 57104
(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:

The information 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.”

The information meets the provisions of SDCL § 1-27-30, which states: “Confidentiality of proprietary or trade information of private entity. All proprietary or trade secret information obtained by a state agency from or concerning a private entity is confidential, except as provided by § 1-27-31.”

(5) The factual basis that qualifies the information for confidentiality under the authority cited:

Maps or other information showing the location of a specifically identifiable customer who has not consented to public release of this information, such as that marked as non-public in this filing, is proprietary or confidential as provided for in the above cited state law.

BACKGROUND

On May 1, 2017, Xcel Energy and Sioux Valley Southwestern Electric Cooperative, Inc. (“Sioux Valley”) (together “parties”) filed a petition for approval of an executed Service Territory Exchange Agreement (“Agreement”) to resolve an error involving Xcel Energy services provided to customers in Sioux Valley’s service territory.

On May 15, 2017, one of the potentially impacted parties, Ronning Enterprises, Inc. (“Ronning”), a South Dakota land developer, was notified of the parties’ proposal and subsequently filed a Petition for Leave to Intervene to oppose approval of the Agreement.

On May 31, 2017, the parties filed to request the Commission delay action on the petition to allow time to pursue resolution on a different parcel of service territory where Ronning’s properties would not be impacted. On June 2, 2017, Ronning filed a letter agreeing with the request to delay action on the parties’ petition and a delay in considering their Petition to Intervene.

At the Commission’s June 6, 2017 agenda meeting, the Commission deferred the docket until the next Commission meeting, scheduled for June 16, 2017. As the parties were unable to file an amended agreement to be heard at the June 16, 2017 meeting, Ronning filed a second request to delay action on its Petition to Intervene.

At the June 16, 2017 agenda meeting, the Commission heard brief comments from Xcel Energy concerning the status of the parties’ agreement on securing a new agreement for different service territory area and again deferred action on the docket.

On June 27, 2017, the parties submitted an executed Rescission of Executed Service Territory Exchange Agreement to rescind the Agreement as filed with the petition on May 1, 2017 as the new service territory exchange proposal does not including any Ronning properties.

Also on June 27, 2017, Ronning submitted a request to withdraw its Petition to Intervene subject to the Commission’s approval of the rescission.

At the July 5, 2017 agenda meeting, the Commission granted rescission of Ronning’s intervention in the docket.

AMENDED PROPOSAL

In support of this amended filing, Xcel Energy provides:

- The parties’ Amended Proposal
- Demonstration the new Agreement and Service Territory Exception Agreement (“Exception Agreement”) is in the public interest
- Attachment A – Newly Executed Service Territory Exchange Agreement

- Attachment B – Service Territory Exception Agreement – Non-Public Document
- Attachments C, D, E and F detailing the proposed territory transfer to Xcel Energy
- Attachments G, H, I and J detailing the proposed territory transfer to Sioux Valley
- Attachment K – Map detailing location of existing Xcel Energy service – Non-Public Document in its Entirety

Enclosed please find a copy of 1) a newly executed Service Territory Exchange Agreement between the parties, and, 2) an executed Service Territory Exception Agreement.

The newly executed Agreement seeks to exchange service territory of Xcel Energy in section 22 of T102N R48W in Minnehaha County, South Dakota for service territory of Sioux Valley in section 21 of T101N R50W in Minnehaha County, South Dakota.

Xcel Energy and Sioux Valley identified an error involving services and a territory boundary to a complex comprised of four 26-unit and two 8-unit residential buildings (Attachment E – Lot 1, Block 1 Talsma 2nd Addition “1700 S. Katie Ave.”). For continued efficient and economical use and development of the parties, Xcel Energy and Sioux Valley agree to exchange the service rights for this apartment complex along with the adjacent multi-family parcel currently receiving temporary service during construction (Attachment F – Lot 1, Block 2 Talsma 2nd Addition “1701 S. Katie Ave.”) in exchange for Xcel Energy service territory (Attachments G through J).

AGREEMENT IS IN THE PUBLIC INTEREST

A. Agreement is in the public interest.

The newly executed agreement is in the public interest as the buildings at 1700 S. Katie Ave. have been served by permanent Xcel Energy facilities since September of 2015. We have been in contact with the owner of 1700 and 1701 S. Katie Ave. properties since March 2017 to make them aware the properties are in Sioux Valley service territory, the parties were working toward agreement for exchanging territory, and to obtain site plans to install permanent facilities at 1701 S. Katie Ave. for an in-service date of August 1, 2017. Xcel Energy

informed the property owner of this filing by a hand-delivered letter on June 20, 2017.

Xcel Energy previously contacted the two Section 22 T102N R48W property owners by phone and followed-up with similar hand-delivered letters on June 20.

When contacted, two of the three impacted parties expressed no concern regarding the parties' proposed territory exchange.

The third impacted party currently has Xcel Energy service to an irrigation pivot in the NW $\frac{1}{4}$ of the SW $\frac{1}{4}$ of Section 22 T102N R48W where they would like to continue service with Xcel Energy until such time as the irrigation is removed.

The parties agree Xcel Energy should continue to serve the existing farm irrigation meter located on the property being transferred to Sioux Valley until such time as the irrigation pivot is removed.

The parties respectfully request if the newly executed service territory exchange is approved, the Commission also approve the Service Exception Agreement to preserve the existing customer's choice.

B. Duplication of facilities avoided.

The agreement avoids unnecessary duplication of facilities as the two S. Katie Ave. properties are adjacent to existing Xcel Energy service territory to the east and south. Xcel Energy only proposes to formally acquire those two properties which will not impede Sioux Valley's distribution planning as they build out either from the north or the west.

Other than the forementioned irrigation service, neither utility has facilities in the proposed territory transfer to Sioux Valley.

C. Adequate electric service provided.

The agreement will allow Xcel Energy to continue to provide electric service to customers at 1700 S. Katie Ave. without disruption or change in utility provider. Upon the Commission's approval, Xcel Energy is ready to proceed with permanent service construction to 1701 S. Katie Ave. to the west.

D. Efficient and economical use and development of electric systems.

Although done in error, the facilities installed to service 1700 S. Katie Ave. are efficient and economical for both utilities. Xcel Energy was able to extend their distribution network as other facilities were already nearby. The financial cost for Sioux Valley to build-out the required three phase facilities to serve load at both S. Katie Ave. locations would have been significantly higher and taken longer to recoup the cost to service the new load.

Conversely, Sioux Valley is better positioned to serve the proposed transfer of territory in section 22 of T102N R48W as they presently have a substation located directly to the south of this property on E. Hemlock Blvd.

Xcel Energy is currently providing temporary service at 1701 S. Katie Ave. and is ready to install permanent facilities provided the Commission finds the Agreement to be in the public interest.

CONCLUSION

Xcel Energy and Sioux Valley Southwestern Electric Cooperative respectfully request that the South Dakota Public Utilities Commission approve this newly executed Service Territory Exchange Agreement and allow Xcel Energy to continue to serve the customer's irrigation service by also approving the Service Territory Exception Agreement.

If there are any questions, please call me at 605-339-8350.

Sincerely,

A handwritten signature in cursive script that reads "Steven T. Kolbeck". The signature is written in black ink and is positioned above the typed name and title.

STEVEN T. KOLBECK
PRINCIPAL MANAGER

Enclosures

c: Steven W. Sanford