

**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 2018 TRANSMISSION  
COST RECOVERY ELIGIBILITY AND THE  
RATE RIDER ADJUSTMENT FACTOR

DOCKET NO. EL17-\_\_\_\_

**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 our Transmission Cost Recovery (TCR) Rider Tracker Account report for 2017, the 2018 TCR Rider revenue requirements, and the proposed TCR Adjustment Factor.

S. D. Codified Laws Chapter 49-34A Sections 25.1 through 25.4 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, including associated facilities such as substations and transformers.

Pursuant to this statute, we specifically request Commission approval of:

- 2018 TCR revenue requirements of \$6.72 million;
- a TCR Adjustment Factor of \$0.003175 per kWh to be implemented on January 1, 2018;
- the 2017 TCR Tracker Report for approved transmission project investments;
- proposed revisions to the TCR Rider tariff sheet; and
- the proposed customer notice.

If approved as proposed, the average bill impact for a residential customer using 750 kWh per month would be \$2.38 per month. This is a decrease of \$0.34 per month from the current TCR Adjustment Factor of \$0.003627 per kWh. The rate decreased from the prior year primarily due to lower RECB revenues and expenses in 2016 and 2017, which also lowered the carryover balance in 2017 and 2018. The 2018 revenue requirements do not include any new projects for TCR Rider recovery. We discuss in this Petition known changes to specific projects that have previously been approved by the Commission for cost recovery through the TCR Rider.

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 and the revenue requirements associated with these projects.

### **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 tariff.

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

Northern States Power Company  
500 West Russell Street  
Sioux Falls, SD 57104  
(605) 339-8303

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

We propose to revise tariff sheet number 71 in Section 5 of the Northern States Power Company South Dakota Electric Rate Book. Attachment 16 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 of \$0.003627 became effective on January 1, 2017. We propose the new 2018 TCR Adjustment Factor of \$0.003175 be effective on January 1, 2018.

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

The Company was initially authorized to establish the TCR Rider by the Commission's January 13, 2009 Order in Docket No. EL07-007. The Company continues to make 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 collect or return any differences

during the next recovery period based on the estimated end of year balance in the tracker account.

This petition includes costs for 2018 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 \$0.003627 per kWh, implemented on January 1, 2017 and approved in the Commission's December 12, 2016 Order in Docket No. EL16-031.

## **(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 2018 TCR Adjustment Factor for all customer classes of \$0.003175 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 most recent TCR Rider filings.<sup>1</sup> The 2018 overall rate of return is based on the Company's forecasted capital structure as of December 31, 2017 and the return on equity (ROE) approved by the Commission in the most recent rate case.<sup>2</sup> The 2018 overall rate of return is preliminary and will be finalized as part of the Company's 10-K filed at the end of February 2018.

*ii. Implementation*

Attachment 16 provides the proposed revised tariff sheet to implement the proposed TCR Adjustment Factor based on forecasted costs for the 2018 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 requesting an eligibility determination for any new projects at this time. The following projects were previously approved for TCR Rider recovery and reaffirmed for inclusion most recently in Docket No. EL16-031. We continue to seek recovery of these projects in 2018.

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<sup>1</sup> Docket Nos. EL12-035, EL13-006, EL14-016, EL14-080, EL15-030 and EL16-031

<sup>2</sup> Docket No. EL14-058

### Dockets in Which Projects were Approved

EL12-035	EL13-006 <sup>3</sup>	EL15-030
<ul style="list-style-type: none"> <li>• CapX2020 Brookings – Twins Cities</li> <li>• CapX2020 Fargo – Twin Cities</li> <li>• CapX2020 La Crosse-Local</li> <li>• CapX2020 La Crosse-MISO</li> <li>• CapX2020 La Crosse-WI</li> <li>• Glencoe – Waconia</li> <li>• Sioux Falls Northern</li> </ul>	<ul style="list-style-type: none"> <li>• Bluff Creek – Westgate</li> <li>• Chaska – Hwy 212 Conversion</li> <li>• Minn Valley</li> <li>• Big Stone – Brookings</li> <li>• Lake Marion - Burnsville</li> <li>• Maple Lake – Annandale</li> <li>• Wilmarth – Carver County</li> </ul>	<ul style="list-style-type: none"> <li>• Minot Load Serving Transmission Line</li> </ul>

A complete list of projects, as well as discussion of any notable updates to cost and in-service date information, is provided in Attachment 1. Each project’s regulatory approvals and construction timeline are provided in Attachment 2.

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 Independent System Operator, Inc. (MISO) Tariff and discussed later in this Petition.

*ii. Supporting Information*

The TCR 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 in the TCR Rider and for which we are requesting recovery.

*(2) A schedule for implementation of applicable projects.*

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<sup>3</sup> The Maple River – Red River project was originally approved for cost recovery in Docket No. EL13-006 but was removed in Docket No. EL16-031 because it no longer met the minimum length requirements of 5 miles.

Attachment 2 contains an implementation schedule for each of the transmission projects identified in Attachment 1. We explain the reasons for any in-service date changes between our current projections and the projections in our last TCR filing in Attachment 1.

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

Attachment 3 provides the capital expenditure forecast for each project included in the TCR Rider. Actual capital expenditures are reported through June 2017 and forecast capital expenditures are reported through 2022. Attachment 12 shows the development of 2018 revenue requirements for each project for the South Dakota jurisdiction, based on the capital expenditures shown 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 11.

*(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 2018 TCR Adjustment Factor consistent with the terms of the TCR tariff proposed in Attachment 16. Attachment 13 demonstrates the revenue requirement model logic and aids in confirming the calculation is accurate.

*iii. MISO 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 subsequent TCR dockets. The regional transmission projects Xcel Energy proposes for hybrid allocation are discussed below.

The net annual RECB expense (Attachment 14) has decreased for 2018 over 2017 primarily due to changes in the load sharing-based allocation of costs. The Company's Schedule 26 share of the MISO footprint increased due to the other Transmission Operators reducing their load on the MISO system.

*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 are the

CapX2020 Fargo, Brookings, and La Crosse projects, as well as the Big Stone – Brookings project. The percentage breakdown of the allocation split between state and FERC jurisdictions remains the same as reflected in past TCR filings. 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 two lower voltage transmission projects that are also eligible for regional cost sharing and currently included in our revenue requirements recovered through the TCR. 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 projects are the Glencoe – Waconia and Minn Valley transmission projects. The percentage breakdown of the allocation split for these projects also remains the same as reflected in past TCR filings.

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.

*v. Impact on TCR Rider of Pending MISO Complaints at the FERC*

Multiple actions are pending at FERC related to the return on equity (ROE) that MISO transmission owners charge for regionally shared facilities. We provide a description of those proceedings below. For the purposes of calculating TCR revenue requirements, we apply the ROE currently ordered; however, future true-ups may be necessary depending on the outcome of the pending proceedings.

In November 2013, a group of industrial customers in the MISO region filed a complaint asking FERC to reduce the 12.38 percent return on equity (ROE) used in the transmission formula rates of jurisdictional MISO transmission owners, including NSPM. The FERC issued an Order approving a 10.32 percent ROE in September 2016, applicable for a refund period from November 12, 2015 to February 11, 2015 and prospectively from the date of the order. The total prospective ROE is 10.82 percent, which includes a 50 basis point adder for RTO membership.

In February 2015, an intervenor in the original ROE complaint filed a second complaint proposing to reduce the MISO region ROE, resulting in a second period of potential refund from Feb. 12, 2015 to May 11, 2016. In June 2016, the ALJ



recommended an ROE of 9.70 percent, the midpoint of the upper half of the discounted cash flow (DCF) range, which applied the June 2014 ROE methodology. A FERC decision is expected in 2017.

On April 14, 2017 the D.C. Circuit Court of Appeals vacated and remanded Opinion 531, previously made in a New England ROE case. The court decision found that the FERC had not established that the prior ROE was unjust and unreasonable, and that the FERC also failed to adequately support the newly approved ROE. Since Opinion 531 was also cited as the basis for the MISO decision, the impact of this court decision on the pending and settled MISO complaint cases is uncertain.

The amounts included in our 2017 TCR Adjustment Factor for the period October 2016 through December 2017<sup>4</sup> were based on the 10.82 percent ROE (which includes the 50 basis point adder) in accordance with the FERC's September 2016 decision in the first complaint docket.<sup>5</sup> In our November 29, 2016 update filing in our last TCR docket, we indicated we would include the true-up to actuals for 2017 and the retroactive timeframe in our next TCR Petition since the final impact of the ROE change was not known at that time. The amounts for the first complaint period were settled with MISO in May 2017. The true-up in this petition reflects the impact of those refund settlements.

In calculating the 2018 TCR revenue requirement, we apply the currently-authorized 10.82 percent MISO ROE for 2018 activity. However, future adjustments to the TCR Tracker may be necessary pending the outcome of the vacated Order 531 and the second complaint period. We will keep the Commission informed of any additional outcomes in these MISO ROE proceedings at the FERC.

### **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.

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<sup>4</sup> The rate was implemented on January 1, 2017 in accordance with the December 12, 2016 Order in SDPUC Docket No. EL16-031.

<sup>5</sup> FERC Docket No. EL14-12, Order issued September 28, 2016

- 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 5.4 percent and 5.3 percent of total transmission costs in 2017 and 2018, 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 2018 TCR rates. This information is summarized as follows:

- The projected TCR Tracker Account activity for 2018, including both revenue requirements and projected revenues, is included in Attachment 7.
- The projected 2018 revenue requirement proposed to be recovered through the TCR Adjustment Factor from South Dakota electric customers is approximately \$6.72 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 10 and are based on forecast 2018 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.

Included in the \$6.72 million in revenue requirements is the 2017 TCR Tracker Report true-up over-collection balance of \$609,328.

*ii. Proposed 2018 TCR Adjustment Factor*

The Company’s TCR rate design is the annual calculated revenue requirement (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 2018. This calculation is shown on Attachment 9, and the detailed annual forecast of energy sales is shown on Attachment 10.

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

**Table 1: 2018 Rate Factor Calculation**

	Retail
<b>TCR Adjustment Factor Cost Per kWh</b>	<b>\$0.003175</b>
<b>SD retail Sales (MWh) 2018</b>	<b>2,116,440</b>
<i>2018 Revenue Requirement</i>	<i>\$7,328,118</i>
<i>2017 Carry-Forward Balance</i>	<i>(\$609,328)</i>
<b>2018 Net SD retail Cost</b>	<b>\$6,718,790</b>

The average bill impact for a residential customer using 750 kWh per month is \$2.38 per month. This is a decrease of \$0.34 per month from the current TCR Adjustment Factor.

*iii. 2018 TCR Rider Revenue Requirements*

Attachment 7 sets forth the 2018 revenue requirement 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 2018 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). Attachment 15 provides details of the OATT credit factor for 2016 through 2018.

For purposes of calculating projected revenue requirements, the Company proposes to use 2018 forecast demand allocators. Any resulting over- or under-recovery from customers as a result of the use of the 2018 demand factors will be reflected in the true up of 2018 revenues when determining the 2019 TCR Adjustment Factor. These demand allocators are shown in Attachment 11.

In addition, consistent with the Commission's past TCR docket Orders, we include the following related costs: Accumulated Deferred Income Taxes (ADIT), current and deferred taxes and book depreciation. Consistent with the Commission's Order in Docket No. EL16-031, property taxes associated with these transmission projects have been removed from the TCR tracker and are instead collected through the Fuel

Clause Rider which is subject to an annual property tax true-up in April.<sup>6</sup> Attachment 12 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, 2018. 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 the 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 2016 through 2019. Attachments 5, 6, 7 and 8 provide detail for each year. When the Tracker Account balance from 2017 is combined with the revenue requirements from Attachment 7 for 2018, it results in a revenue requirement of \$6.72 million for 2018. We have calculated this amount to be passed to customers from January through December 2018 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 2018 revenue requirement represents an approximately \$1.0 million decrease compared to the \$7.7 million of TCR Rider revenue requirements approved for 2017.

**(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 92,620 customers in 36 communities in eastern South Dakota.

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<sup>6</sup> Due to the ongoing rate freeze established by the December 6, 2016 Order in Docket No. EL16-037, the 2017 property tax adjustment has not yet been determined and is not reflected in current fuel clause rates.

**(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 through a bill insert. Attachment 17 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. To the extent that multiple new rider rates are implemented on the same date, we will coordinate the various rider customer notices.

**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 Attachments 11, 12 and 13 Pursuant to S.D. Codified Laws Chapter 20:10:01:41. The Company submits the following justification for confidential treatment of Attachments 11, 12 and 13.

- (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. Attachments 11, 12 and 13 contain 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 Attachments 11, 12 and 13 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.**

Steve T. Kolbeck  
Principal Manager  
500 W. Russell Street  
P.O. Box 988  
Sioux Falls, SD 57101  
(605) 339-8350  
[steve.t.kolbeck@xcelenergy.com](mailto:steve.t.kolbeck@xcelenergy.com)

**(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 EL14-058.

## 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:

Amanda Rome  
Lead Assistant General Counsel  
Xcel Energy  
414 Nicollet Mall, 401 – 8<sup>th</sup> Floor  
Minneapolis, MN 55401

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

Carl Cronin  
Regulatory Administrator  
Xcel Energy Services Inc.  
414 Nicollet Mall, 401 – 7<sup>th</sup> Floor  
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 2018 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 policymakers in supporting that effort.

Dated: September 1, 2017

Northern States Power Company