



414 Nicollet Mall
Minneapolis, MN 55401

September 15, 2017

—Via Electronic Filing—

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

RE: REQUEST TO VARY FUEL CLAUSE RIDER TARIFF

Dear Ms. Van Gerpen:

Pursuant to Administrative Rules of South Dakota 20:10:13:20, Northern States Power Company, doing business as Xcel Energy (the Company), respectfully requests permission to file for approval on less than 30 day notice this request to the South Dakota Public Utilities Commission to vary from our Fuel Clause Rider (FCR) tariff, Section No. 5, Sheet Nos. 64-64.2 beginning on October 1, 2017.

On September 12, 2017 in Docket No. EL16-037, the South Dakota Commission granted the Joint Motion for Approval of Settlement Stipulation and adopted the Stipulation without modification, with an FCR effective date of October 1, 2017. Pursuant to the Settlement Stipulation, South Dakota customers will receive a refund associated with settled resolution of the Aurora Project. Accordingly, the Commission required that Xcel Energy make a compliance filing that provides the amount of the Aurora refund retroactive to December 1, 2016. The Commission further required that the Company advance a proposal to mitigate the potential FCR rate volatility associated with the unrecovered amount in the balancing account. Xcel Energy makes this filing in compliance with Commission September 12, 2017 decision.

Attachment A provides the calculation of the refund associated with the Aurora Solar project. Consistent with the Settlement Stipulation, Attachment A relies on the average system cost of energy as a proxy price for the South Dakota portion the energy associated with the Aurora project.

Attachment B provides the calculation of the unrecovered balance of energy costs incurred during the time that the FCR was frozen. Attachment B shows that the

total unrecovered balance of approximately \$3.9 million was adjusted for the Aurora and Net Metering¹ resources consistent with the Settlement Stipulation. In order to mitigate the impact to customers, the Company proposes to amortize the unrecovered balance over a period of five months. Under this proposal, the incremental impact to customers is expected to be less than \$0.005 per kWh over the amortization period. For the sake of completeness, we have also included a schedule that provides the estimated incremental impact to customers under alternative amortization periods.²

Xcel Energy respectfully requests that, consistent with the approved Settlement Stipulation and associated Order, the South Dakota Commission grant Xcel Energy's proposal to, on less than 30 day notice, vary the fuel clause to amortize the unrecovered balance over five months beginning on October 1, 2017, and to use the proxy pricing methodology outlined in Attachment B to recover the energy costs associated with the Aurora project.

The Company notes that the Settlement Stipulation requires an additional proceeding to determine the energy proxy price applicable to the 187 MW Solar PPAs and the energy and capacity proxy prices applicable to the RDF PPAs and C-BED PPAs. Upon resolution of the additional proceeding on proxy pricing, the Company will file a revision to the FCR tariff to incorporate the resolution into the tariff on a permanent basis.

Confidential Treatment of Provided Information

In accordance with ARSD §§ 20:10:01:39 through 42, the Company respectfully requests confidential treatment of certain information provided in this filing. In compliance with ARSD § 20:10:01:41, we have clearly marked each page containing confidential information as “**CONFIDENTIAL.**” Pursuant to ARSD § 20:10:01:41, we address the Commission's five factors for consideration of confidential data as follows:

- (1) We request confidential treatment of the information provided in Attachment A pertaining to the energy values of the Aurora solar project.
- (2) We request that the information referenced in No. 1 above be treated as confidential forever.

¹ The Net Metering adjustment is shown in Attachment C.

² Attachment D.

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

Amanda Rome
Lead, Assistant General Counsel
Xcel Energy
414 Nicollet Mall, 401 - 8th Floor
Minneapolis, MN 55401
612-215-5331

- (4) We request confidential treatment on the grounds that the material is confidential financial information, the disclosure of which would result in material damage to the Company. The claim for confidential treatment is based on ARSD § 20:10:01:39(4) and SDCL § 1-27-30. The information contained meets the definition of “trade secret” under SDCL § 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.”
- (5) The noted documents qualify for confidential treatment because they contain confidential information that the Company does not disclose to the public. The disclosure of the information could adversely affect the Company’s ability to negotiate solar energy prices in the future to the detriment of our customers.

If you have any questions regarding this filing, please contact Chris Shaw at Christopher.J.Shaw@xcelenergy.com or 612-330-7974.

Sincerely,

/s/

AMY LIBERKOWSKI
DIRECTOR, REGULATORY PRICING AND ANALYSIS

Enclosures