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Xcel Energy Information Request No. 1-13
Docket No.: EL20-015
Response To: South Dakota Public Utilities Commission
Requestor: South Dakota Public Utilities Commission Staff
Date Received: September 9, 2020

Question:

Provide the discount rate used in the 2019 and 2021 benefit/cost models and the justification for using that discount rate.

Response:

For 2019, the discount rate was **[CONFIDENTIAL DATA BEGINS HERE CONFIDENTIAL DATA ENDS HERE]**.

For 2021, the discount rate was **[CONFIDENTIAL DATA BEGINS HERE CONFIDENTIAL DATA ENDS HERE]**.

For results on Plans, the discount rate approved under the initially filed Plan is also used to file the report of actual results. For the 2019 results, the discount rate used in the approved plan is noted above and was used in the report of results. The NSP-MN weighted average cost of capital (WACC) was approved in 2019.

However, for the 2021 Plan, the Company utilized the NSP-SD WACC. As of the time of the 2021 Plan filing, the most recently approved WACC in South Dakota is noted above; this value was therefore used in the 2021 Plan. Although we have used different numbers in Plans prior to 2019, the Company moved forward utilizing the most recent WACC in South Dakota as the discount rate in our plan starting with the 2019 Plan approved in 2018. This adjustment also provides consistency between how our DSM Rider is calculated and the assumptions used in our Cost Benefit Analysis.

In compliance with South Dakota Admin. R. 20:10:01:40, we have clearly marked each page of the confidential version with the term “CONFIDENTIAL”. A public non-confidential version is also being filed simultaneously.

Pursuant to South Dakota Admin. R. 20:10:01:41, the Company submits the following justification for confidential treatment of Information Request No. 1 and Attachment E2.

(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 contains trade secret information, the disclosure of which would result in material damage to the Company's financial or competitive position. The petition 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 is confidential. The discount rate impacts this calculation.

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