



500 West Russell Street  
Sioux Falls, South Dakota 57101-0988

June 30, 2009

—VIA ELECTRONIC FILING AND FED EX—

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

RE: APPLICATION OF NORTHERN STATES POWER COMPANY, A MINNESOTA  
CORPORATION, FOR AUTHORITY TO INCREASE RATES FOR ELECTRIC SERVICE IN  
SOUTH DAKOTA  
DOCKET NO. EL09-\_\_\_\_

Dear Ms. Van Gerpen:

Northern States Power Company, a Minnesota corporation (the “Company” or “Xcel Energy”) operating in South Dakota, submits its Application (the “Application”) to the South Dakota Public Utilities Commission (the “Commission”) for authority to increase rates for electric service in South Dakota.

The rate and tariff changes proposed in the Notice and Application would result in an annual increase of base (*i.e.*, non-fuel) electric revenues of \$18.6 million, or about 12.7percent, effective for electric service on and after August 1, 2009, unless the rates are suspended by the Commission. Of this increase in base rates, approximately \$2.9 million is revenue neutral to the ratepayers and the Company and results from moving cost recovery from the Transmission Cost Recovery Rider and the Environmental Cost Recovery Rider to base rates. Consequently, the increase in overall retail rates is \$15.7 million or about 10.65 percent.

The proposed changes are needed to continue providing safe and reliable electric service and would affect the billings of approximately 81,000 customers in the Company’s South Dakota service area. The test year for the proposed increase is based on 2008 actual data, with known and measurable changes, and other appropriate adjustments.

The Application, which consists of the following five volumes, has been e-filed, and in addition an original and twelve (12) copies of the following have also been filed with the Commission:

Volume 1 - Rate Application

Letter of Transmittal

Notice of Change in Rates

Attestation by Authorized Accounting Representative

Public Rate Increase Notice

Statements A through R

Volume 2 - Testimony and Exhibits

Policy - Judy M. Pofert

Revenue Requirements - Anne E. Heuer

Sales Forecast - Jannell E. Marks

Return on Equity - Robert B. Hevert

Energy Supply - James R. Alders

Transmission - Walter T. Grivna

Class Cost of Service Study - Michael A. Peppin

Rate Design - Steven V. Huso

Volume 3 - Tariffs, in legislative and non-legislative format

Volume 4 - Workpapers

Volume 5 - Lead Lag Study and Cost Allocation Manual

The Company certifies we will notify customers of the proposed increase in compliance with ARSD §§ 20:10:13:17 through 19. The Public Rate Increase Notice, attached to this Letter of Transmittal, will be posted in a conspicuous place at the Xcel Energy local customer service center in Sioux Falls for at least thirty (30) days prior to the date the change in rates is to become effective. We will also issue a press release and post the Application, Testimony, and Supporting Documentation on our website as well as include the Public Rate Increase Notice in the form of an insert to our South Dakota customers advising them of our Application with August bills.

In accordance with ARSD §§ 20:10:01:39 through 42, Xcel Energy respectfully requests confidential treatment of certain information contained in this filing. In compliance with ARSD § 20:10:01:41, we have clearly marked each page containing confidential information as “CONFIDENTIAL” and submitted it in a separate sealed envelope along with this filing. We have also submitted a separate CD-Rom, marked “CONFIDENTIAL,” containing confidential electronic “live” versions of the documents noted below.

Pursuant to ARSD § 20:10:01:41, we provide the following information in support of our request:

- (1) We request confidential treatment of these listed documents in their entirety.

Volume 1- Rate Application

Exhibit \_\_\_\_ (NSP-1), Schedule K-1

Exhibit \_\_\_\_ (NSP-1), Schedule K-3

Volume 4- Workpapers

Tab B-1, Wholesale Billing Adjustment

Page B1-1

Tab B-5, Wholesale Meter Maintenance and Account Management

Page B5-2a

Page B5-2b

Tab PF15, Nuclear Mandates- Fitness for Duty

Page PF15-3C

Schedule K-1 is required to be included as part of the Application pursuant to ARSD § 20:10:13:89. Schedule K-1 contains working papers for the Company’s federal income taxes, and contains a complete reconciliation of the book net income with taxable net income as reported to the federal Internal Revenue Service for the most recent tax year and the three previous years. Schedule K-3 is required to be included as part of the Application pursuant to ARSD § 20:10:13:91. The Company joins in the filing of a consolidated federal income tax return. Schedule K-3 contains working papers showing the net taxable income or loss for each company included in the consolidated tax return, along with consolidating adjustments. The Company treats this information as highly confidential information, and as financial information, not released to the public.

The confidential working papers contained in Volume 4- Workpapers are required to be included as part of the Application pursuant to ARSD Ch. 20:10:13. The working papers designated as confidential contain salary and personnel information for the Company's employees. The Company treats this information as both highly confidential proprietary and trade secret information, not released to the public.

Xcel Energy also respectfully requests confidential treatment of the electronic "live" versions of the following documents, as submitted on CD-Rom:

Volume 1- Rate Application

Exhibit \_\_\_\_ (NSP-1), Statement O

Volume 2- Testimony and Exhibits

Michael A. Peppin

Exhibit \_\_\_\_ (MAP-1), Schedule 2

Exhibit \_\_\_\_ (MAP-1), Schedule 4

Exhibit \_\_\_\_ (MAP-1), Schedule 5

Steven V. Huso

Exhibit \_\_\_\_ (SVH-1), Schedule 2

Exhibit \_\_\_\_ (SVH-1), Schedule 3

Exhibit \_\_\_\_ (SVH-1), Schedule 4

Exhibit \_\_\_\_ (SVH-1), Schedule 5

Exhibit \_\_\_\_ (SVH-1), Schedule 6

The electronic "live" versions of the documents, noted above, are required to be included as part of the Application pursuant to ARSD Ch. 20:10:13. The electronic "live" versions of the documents contain confidential and proprietary formulas and codes the Company uses in preparing its financial models. While the paper copy of the documents may not be confidential, the electronic "live" versions of the documents, containing such formulas and codes, are confidential. The Company treats this information as highly confidential and proprietary trade secret information, not released to the public.

- (2) We request these documents be treated as confidential forever.
- (3) If you have questions regarding this request please contact:  
Kari V. Zipko  
Senior Attorney

Xcel Energy Services Inc.  
414 Nicollet Mall  
Minneapolis, MN 55401  
(612) 215-4526

- (4) 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 claim for confidential treatment is based on ARSD § 20:10:01:39 (4) and SDCL § 1-27-30. The information contained within the referenced documents 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." The information also 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."
- (5) The noted documents qualify for confidential treatment because they contain proprietary business information which the Company does not disclose to the public.

Schedule K-1 provides a complete reconciliation of the Company's book net income with taxable net income. This information would provide actual and potential competitors with detailed information concerning the tax treatment of various income statement items that could provide competitors with an unfair competitive advantage.

Schedule K-3 provides the net taxable income or loss for each company in the consolidation, some of whom are unregulated. This information would provide actual and potential competitors with information concerning the profitability of its various unregulated affiliates that could provide competitors with an unfair competitive advantage.

The confidential working papers contained in Volume 4 - Workpapers contain salary and personnel information for the Company's employees. This information would provide actual and potential competitors with information

concerning the compensation levels of the Company's employees; potentially providing an unfair competitive advantage.

The electronic "live" versions of the documents contain confidential and proprietary formulas and codes the Company uses in preparing its financial models. The information identified above would provide actual and potential competitors with information concerning the methods the Company uses to build its financial models and could provide competitors with an unfair competitive advantage. Accordingly, the Company respectfully requests that the Commission grant this request for confidential protection and treatment.

We request that communications regarding this Application be directed to:

Kari V. Zipko  
Senior Attorney  
Xcel Energy Services Inc.  
414 Nicollet Mall  
Minneapolis, MN 55401  
(612) 330-5500

SaGonna Thompson  
Records Analyst  
Xcel Energy Services Inc.  
414 Nicollet Mall  
Minneapolis, MN 55401  
(612) 330-5500

Sincerely,



JAMES C. WILCOX  
MANAGER, GOVERNMENT AND REGULATORY AFFAIRS

Enclosures

PUBLIC UTILITIES COMMISSION  
STATE OF SOUTH DAKOTA

Dusty Johnson  
Steve Kolbeck  
Gary Hanson

Chairman  
Vice Chairman  
Commissioner

IN THE MATTER OF THE APPLICATION )  
OF NORTHERN STATES POWER )  
COMPANY, A MINNESOTA )  
CORPORATION, FOR AUTHORITY TO )  
INCREASE RATES FOR ELECTRIC )  
SERVICE IN THE STATE OF SOUTH )  
DAKOTA )

DOCKET NO. EL09-\_\_\_\_\_

**NOTICE OF CHANGE IN RATES**

**NOTICE**

Northern States Power Company, a Minnesota corporation (“Xcel Energy” or the “Company”) hereby gives notice to the South Dakota Public Utilities Commission (the “Commission”) of its Application for a change in retail electric rates. Xcel Energy submits to the Commission the revised rate schedules, supporting testimony and exhibits, and required statements that support the requested changes.

The effect of the proposed change in rates is an annual increase in base rates (*i.e.*, non-fuel) electric revenues of approximately \$18.6 million, or about 12.7 percent, effective for electric service on and after August 1, 2009, unless the rates are suspended by the Commission. Of this increase in base rates, approximately \$2.9 million is revenue neutral to the ratepayers and the Company and results from moving cost recovery from the Transmission Cost Recovery Rider and the Environmental Cost Recovery Rider to base rates. Consequently, the increase in overall retail rates is \$15.7 million or about 10.65 percent. The proposed revenue increases to customer classes move the customer classes closer to the cost of service. Increases to individual customers within a class will vary depending on particular usage patterns.

The Company is submitting prepared direct testimony and schedules by the following witnesses:

<b>Witness</b>	<b>Testimony</b>
Judy M. Poferl	Policy
Anne E. Heuer	Revenue Requirements
Jannell E. Marks	Sales Forecast
Robert B. Hevert	Return on Equity
James R. Alders	Energy Supply
Walter T. Grivna	Transmission
Michael A. Peppin	Class Cost of Service Study
Steven V. Huso	Rate Design

## **RULE COMPLIANCE**

### **A. Report of Tariff Changes**

As part of this Notice, Xcel Energy files our revised rate sheets in both legislative and non-legislative format in Volume 3. The rate information and description of the rate and tariff changes required by ARSD § 20:10:13:26, are included in Volume 3 in Mr. Steven V. Huso's Schedules 8, 9, and 10.

### **B. Attestation of Chief Accounting Officer**

The Attestation of the Chief Accounting Officer, required by ARSD § 20:10:13:50 is attached to this Notice.

### **C. Revenue Estimates, Cost of Service Study, and Statement of System Costs**

The Revenue Estimates as required by ARSD § 20:10:13:41 is contained in Statement I. The class cost of service study required ARSD § 20:10:13:43 is found in Statement O. The statement of system costs required by ARSD § 20:10:13:44 is primarily found in Statement N. These Statements are included in Volume 1.

### **D. Notice**

In compliance with ARSD §§ 20:10:13:18 and 19, the Company will notify customers of the proposed increase in electric service rates by posting in a prominent location the Rate Increase Notice attached to this Notice at its local customer service center in Sioux Falls for at least thirty (30) days prior to the rates taking effect. The notice will



state that the proposed rates are available in that office for inspection. We will also issue a press release and post the Application, Testimony, and supporting documentation on our website. Additionally, notice to individuals will be sent with their August bills.

Xcel Energy does not waive any right it may have to update and amend this notice or the statements of fact, expert opinions, substantiating documents and exhibits in support hereof, and to produce other or additional statements of fact, expert opinions, substantiating documents, and exhibits to meet all claims, objections and allegations that may be made by any party to this proceeding.

Dated: June 30, 2009

Northern States Power Company,  
a Minnesota corporation

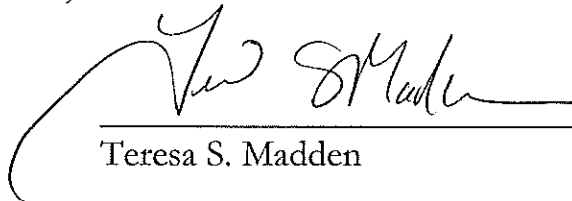
RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to read 'Judy M. Pofert', written in a cursive style.

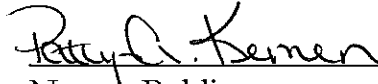
JUDY M. POFERL  
REGIONAL VICE PRESIDENT  
NORTHERN STATES POWER COMPANY,  
A MINNESOTA CORPORATION OPERATING IN SOUTH DAKOTA

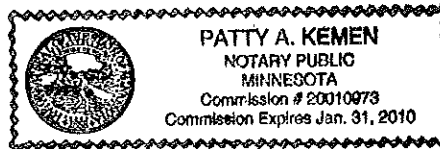
ATTESTATION OF AUTHORIZED ACCOUNTING  
REPRESENTATIVE

I, Teresa S. Madden, Vice President and Controller of Northern States Power Company, a Minnesota corporation, operating in South Dakota, do hereby represent that the cost statements, working papers, and other supporting data submitted as part of this filing, which purport to reflect the books of Northern States Power Company, in fact, set forth the results shown in the books.

  
\_\_\_\_\_  
Teresa S. Madden

Subscribed and sworn to before me this 24<sup>th</sup> day of June 2009.

  
\_\_\_\_\_  
Notary Public



## **RATE INCREASE NOTICE**

On June 30, 2009, Northern States Power Company, an Xcel Energy company, asked the South Dakota Public Utilities Commission (SDPUC) for permission to increase its electricity rates effective Aug. 1, 2009. Xcel Energy requests to increase base rates by \$18.6 million. This amount includes approximately \$3 million that is currently being recovered through another portion of customer bills but that Xcel Energy requests be moved into base rates in this proceeding. Consequently, the overall increase in retail rates is approximately 10.65 percent.

The actual impact of the requested rate increase on individual customer bills will vary depending on the customer's rate class and amount of energy used. Based on this request, a typical residential electric customer using 750 kWh per month would see a net increase of 12.4 percent, or \$8.55 per month. The increases experienced by commercial and industrial customers will vary depending on rate class, load factor, and amount and nature of use. The actual amount of any rate adjustments will be determined by the SDPUC and such amounts could be greater or less than initially requested. The SDPUC is expected to make its decision by Jan. 1, 2010.

Xcel Energy has not increased base electric rates in South Dakota since 1992 and an increase is necessary at this time to maintain safe and reliable service. During that time, Xcel Energy has made significant infrastructure investments in its generation, transmission and distribution systems to reliably meet the electricity needs of its South Dakota customers.

Under South Dakota law, a customer has a right to join with 24 other customers in Xcel Energy's service area to file a written objection to this proposed increase [i.e. 25 customers total]. Customers may request the SDPUC to suspend the rate increase and hold a public hearing to determine whether such a rate increase should be allowed.

### **For More Information**

You may visit Xcel Energy's Sioux Falls office at 500 West Russell Street during normal business hours to examine the current and proposed rate schedules.

You may also examine current and proposed rate schedules and filing documents by visiting our website at [www.xcelenergy.com](http://www.xcelenergy.com) and clicking on "About Energy & Rates" under the "Company" tab.

Or, you may search the 2009 Electric Dockets on the SDPUC's website:  
<http://puc.sd.gov/Dockets/Electric/2009/default.aspx>