



414 Nicollet Mall
Minneapolis, Minnesota 55401-1993

December 17, 2010

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--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: ERRATA
2011 TRANSMISSION COST RECOVERY ELIGIBILITY AND RATE
ADJUSTMENT
DOCKET NO. EL10-014

Dear Ms. Van Gerpen:

Attached is Xcel Energy's errata related to the Company's 2011 Transmission Cost Recovery petition that was filed on October 6, 2010. Financial data for the Merricourt project (Project 15) was mistakenly omitted from the original petition attachments. We are resubmitting our 2011 Transmission Cost Recovery petition with corrected versions of the financial spreadsheets and related attachments.

The petition is designated as Confidential Trade Secret Data and has been labeled accordingly. A Non-Public version of this errata filing is being submitted under separate cover.

Please call me at (612) 330-6750 if you have any questions regarding this filing.

SINCERELY,

/s/

MARK SUEL
REGULATORY CASE SPECIALIST

Enclosure

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**STATE OF SOUTH DAKOTA
BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE PETITION OF
NORTHERN STATES POWER, A
MINNESOTA CORPORATION FOR
APPROVAL OF 2010 TRANSMISSION COST
RECOVERY ELIGIBILITY AND RATE RIDER
ADJUSTMENT

DOCKET No.EL10-014

**PETITION
FOR TRANSMISSION
COST RECOVERY**

INTRODUCTION

Pursuant to S. D. Codified Laws Chapter 49-34A Sections 25.1 through 25.4 (“Transmission Cost Recovery Statute”), relating to approval of tariff mechanisms for automatic annual adjustment of charges for the jurisdictional costs new or modified transmission facilities, Northern States Power Company, a Minnesota corporation (“Xcel Energy” or the “Company”) petitions the South Dakota Public Utilities Commission (the “Commission”) for approval of our 2011 Transmission Cost Recovery Rider (“TCR Rider”) Adjustment Factor and tracker account report.

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. Electric transmission facilities covered by the above references statutes included associated facilities such as substations and transformers. The Company was authorized to establish the TCR Rider based on the Commission’s January 13, 2009 order in Docket No. EL07-007. As discussed below, in this filing we propose to revise the TCR Rider to reflect current projects and expenditures.

Following is information required by S. D. Codified Laws Chapter 49-34A Sections 25.1 through 25.4 and S. D. Administrative Rule 20:10:13:26 regarding the Company’s proposed tariff and rate rider.

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SUMMARY

This filing seeks approval of a revised TCR Rider Adjustment Factor for 2011. In addition, this Petition requests Commission approval of the tracker report for approved transmission project investments, expenditures and revenues received since the implementation of the first adjustment factor that became effective on February 1, 2009.

This rider was originally established to recover the costs associated with certain transmission facilities. These costs have since been incorporated into base rates.¹ As a result, there are currently no capital projects being recovered through the rider. For 2011, we propose to begin recovery of the South Dakota jurisdictional portion of the revenue requirements related to eight transmission projects located throughout our service territory. The Company proposes to recover \$729,000 associated with these projects for the 2011 calendar year (see Attachment 4). Included in the \$729,000 figure is the 2010 unrecovered balance of \$25,414.

The tracker balance that we propose to recover from customers during the period from January 1, 2011 to December 31, 2011 is \$25,414 (see Attachment 23). The total of the transmission investment costs and the tracker balance results in a revenue requirement of \$729,000. The average bill impact for a typical residential electric customer using 750 kWh per month would be \$0.2693 per month, an increase of \$0.1988 per month from the current rider collections. The Company proposes to implement a rate of \$0.000359 per kWh applied to all kWh billed to each customer class for the year ending December 2011. This represents an increase of \$0.000265 from the existing rate of \$0.000094 per kWh.

Following is information specified in S.D. Codified Laws Chapter 49-34A Sections 25.1 through 25.4 and S. D. Administrative Rule 20:10:13:26 regarding the proposed TCR Adjustment Factor:

(1) Name and Address of the Public Utility

Northern States Power Company d/b/a Xcel Energy
500 West Russell Street
Sioux Falls, South Dakota 57104
(605) 339-8350

¹ *In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy for Authority to Increase its Electric Rates*, ORDER GRANTING JOINT MOTION FOR APPROVAL OF SETTLEMENT STIPULATION AND APPROVING TARIFFS (January 12, 2010), Docket No. EL09-009.

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(2) Section and Sheet Number of Tariff Schedule

Xcel Energy proposes to revise its Transmission Cost Recovery Rider tariff sheet number 71 in Section 5 of the Northern States Power Company South Dakota Electric Rate Book. Attachment 33 depicts the proposed tariff sheet that would implement the revised Transmission Cost Recovery Rider Adjustment Factor.

(3) Description of the Tariff Change

This request revises TCR Adjustment Factor that became effective on January 18, 2010. This adjustment factor is shown as a separate line item on customer bills.

(4) Reason for the Requested Change

Xcel Energy first petitioned the Commission for Transmission Cost Recovery in February 2007. Since that time, the Company has made 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. To ensure that customers are not under or overcharged, we record the actual revenues and costs in our tracker account and return or collect any differences during the next recovery period based on the estimated end of year balance in the tracker account.

Costs recovered under the TCR Rider as a result of Docket No. EL07-007 were incorporated into base rates as a part of our last general rate case, Docket No. EL09-009, effective January 18, 2010. This instant petition includes costs not previously included for recovery in the TCR rider, in base rates or otherwise.

(5) Present Rate

The current rate for all customer classes is \$0.000094 per kWh. The rate is 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.

(6) Proposed Rate

A. Proposed Tariff

i. Authority

The following statutes establish Commission authority for considering and approving the revised rate rider proposed in this petition. The Company proposes a 2011 rate factor for all customer classes of \$0.000359 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 include the jurisdictional annual revenue requirements, within the TCR Rider, associated with transmission projects that are determined by the Commission to be eligible for recovery under S. D. Codified Laws 49-34A-25.1.

The overall cost of capital to be used in TCR Rider revenue requirement calculations was determined in the Commission's Order in Docket No. E07-007 approving a Settlement Agreement with modifications. The capital structure to be used was addressed in the Settlement Agreement at page 3 as stated below:

“...2. Rate of Return - The Parties agree that the rate of return applicable to the eligible transmission investments reflected in the TCR rider shall be based on the Company's actual capital structure and senior capital costs (long-term debt) at the end of the preceding calendar year...”

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The Commission Order in this docket superseded the Settlement Agreement with respect to the applicable return on equity and included the following ordering paragraph:

“... (ii) that the return on equity value to be included in the rate of return on investment will be 9.5% as provided in Elements of Settlement Stipulation, paragraph 2, but that if Xcel makes a general rate filing utilizing 2008 as the test year, the Commission may determine, based on its findings on the evidence received in such case, the appropriate return on equity value to be utilized under the TCR Rider, including the appropriate return on equity to be utilized and subject to true-up for the period from July 1, 2008, to the effective date of such order. The return on equity value may or may not be the same as the return on equity value approved for Xcel's general rate filing depending on the Commission's findings on the evidence received in such case.”

Our revenue requirements in this instant petition reflect the Company's actual 2008 capital structure for 2008 calculations and actual 2009 capital structure for the years 2009 through 2011. Since the Company did file a general rate case utilizing a 2008 test year, we used the return on equity approved by the Commission in that case for each year 2008 through 2011. As a result, we use an overall rate of return to calculate the return on construction work in progress (“CWIP”) and rate base of 8.37% for 2008 and 8.38% for 2009 to 2011. (See the base assumptions in Attachment 22).

***ii.* Implementation**

Attachment 33 depicts proposed revised tariff sheets to implement the proposed rate adjustment under the recovery rider. The rate factor is based on forecast costs for the upcoming 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 Adjustment recoveries from customers and the actual revenue requirements for the period.

B. Eligible Transmission Projects

***i.* Summary**

The Company has made significant new investments to its transmission system during the past several years. This petition seeks approval of the costs associated with nine proposed projects that the Company believes meet the eligibility criteria established in S. D. Codified Laws 49-34A-25.1.

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In summary, these eight projects include the following:

- Project 7. Chisago – Apple River 115/161 kV transmission line
- Project 8. BRIGO 115 kV transmission lines (3 Ea.)
- Project 9. CapX2020 Fargo – Twin Cities 345 kV transmission line
- Project 10. CapX2020 Brookings – Twins Cities 345 kV transmission line
- Project 11. CapX2020 Twin Cities – LaCrosse 345 kV transmission line
- Project 12. CapX2020 Bemidji – Grand Rapids 230 kV transmission line
- Project 13. North Mankato 115 kV transmission line
- Project 14. Blue Lake – Wilmarth transmission modification
- Project 15. Merricourt System Upgrades

Detailed project information is provided in Attachment 1.

ii. Supporting Information

The Transmission Cost Recovery 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 descriptions of projects the Company thinks are eligible for recovery under the Transmission Cost Recovery Statute through the TCR rider. Attachment 32 provides maps depicting the facilities described in Attachment 1.

(2) A schedule for implementation of applicable projects;

Attachment 2 contains an implementation schedule for each of the transmission projects identified in Attachment 1.

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

Attachment 3 depicts the capital expenditure forecast for each identified project. Actual capital expenditures are accumulated from project inception through April 2010 and will be reported annually thereafter. Attachments 8-21 depict the development of 2011 revenue requirements on a project by project basis for the South Dakota jurisdiction, based on the capital expenditures referenced in Attachment 3.

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Xcel Energy operates the Company and Northern States Power Company, a Wisconsin corporation (“NSPW”) transmission assets 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 the Company and NSPW based on load ratio share using a FERC approved 36 month coincident peak demand allocator. The Company’s portion is here referred to as the NSPM 36 month CP demand percentage. Within the Company, a 12 month coincident peak demand allocator is used to allocate costs between the Company’s South Dakota, North Dakota, Minnesota and full requirements Wholesale jurisdictions. The South Dakota portion is here referred to as the SD 12 month CP demand percentage. A composite demand allocator for the South Dakota jurisdiction is calculated by multiplying the NSPM 36 month CP demand percentage by the SD 12 month CP demand percentage. As a result, the Company determines the South Dakota jurisdictional portion of revenue requirements for transmission projects recovered under the TCR Rider by calculating total project revenue requirements and multiplying them by the composite demand allocator. (Development of the allocators is depicted in Attachment 22)

(4) A description of the public utility’s efforts to ensure the lowest reasonable costs to ratepayers for the project; and

The Company has made extensive efforts to ensure the lowest reasonable cost to ratepayers for the proposed TCR-eligible projects. For example, Xcel Energy transmission planners analyzed over a dozen project alternatives in the Buffalo Ridge docket. Each alternative was evaluated based on performance, cost, efficiency as measured by energy losses, and the enhancement of reliability to local consumers. The Buffalo Ridge study revealed that the three lines we ultimately constructed were the most economical additions for the amount of additional capacity created. Similar analysis was performed for the other projects included in this petition for cost recovery. Secondly, 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.

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Attachment 6 contains the calculation of the proposed 2011 TCR rate adjustment. The Company provides the detail of these calculations under the Cost Recovery section of this Petition. We believe that these calculations are consistent with the terms of the TCR tariff proposed and described in Attachment 33.

S. D. Codified Laws 49-34A-25.4 - Upon receiving a filing under § 49-34A-25.3 for a rate adjustment pursuant to the tariff established in § 49-34A-25.2, the commission shall approve the annual rate adjustments if, after notice, hearing, and comment, the costs included for recovery through the tariff were or are expected to be prudently incurred and achieve transmission system improvements at the lowest reasonable cost to ratepayers.

Based on the information provided in this Petition and the merits of the projects for which the Company requests recovery under the Transmission Cost Recovery Statute, Xcel Energy respectfully requests Commission approval of these projects for TCR recovery.

C. Tracker Account and Accounting

i. TCR Tracker Account

The Company uses a tracker account (“Tracker”) 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 apply the composite demand allocator described previously, which serves to:

- Allocate a share of the total costs to NSPW.
- 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, and to the firm requirements wholesale sales jurisdiction.

The result of this allocation process is that South Dakota electric customers are allocated approximately 4% of total transmission costs. 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.

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Each month as revenues are collected from retail customers, the Company tracks the amount of recovery under the TCR rate adjustment and compares that amount with the monthly revenue requirements. The difference is recorded in the Tracker account as the amount of over/under recovery. 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.

ii. **Accounting for the Tracker**

Xcel Energy calculates the monthly South Dakota jurisdictional revenue requirements (including appropriate overall return, income taxes, property taxes and depreciation), compares them with monthly TCR rate rider recoveries from customers and places the net amount in FERC Account 182.3, Other Regulatory Assets (the Tracker Account).

D. Project Cost Recovery

i. **Summary**

The Cost Recovery and TCR Rate section provides support for the proposed 2011 TCR adjustment rates. This information may be summarized as follows:

- The projected TCR tracker activity for 2011, including both revenue requirements and projected revenues, is included in Attachment 4.
- The projected 2011 revenue requirements proposed to be recovered under the TCR adjustment rates from South Dakota electric customers are approximately \$729,000. Support for this amount is included in Attachment 4. These calculations are discussed in detail below.
- Projected revenues are calculated by month as shown in Attachment 5 and are based on forecast 2011 State of South Dakota budget sales by calendar month.
- The development of the TCR adjustment factor is included in Attachment 6. The proposed factor is shown on the next page.

ii. **Proposed 2011 TCR Adjustment Factors**

The Company's TCR rate design is simply the annual calculated revenue requirements (including the current year South Dakota jurisdictional project costs and the carryover balance from the previous year) divided by the total annual forecast kWh to South

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Dakota electric sales for retail customers. This calculation is shown on Attachment 6, TCR Rate Adjustment Factor Calculation.

Based on this rate design, we propose the following TCR adjustment factor:

	Rate/kWh
All Customers	\$0.000359

The average bill impact for a residential customer using 750 kWh per month would be \$0.2693 per month.

iii. 2011 TCR Rider Revenue Requirements

The 2011 revenue requirements in support of the proposed TCR adjustment rates are set forth in Attachment 4. The Transmission Statute provides guidance on the calculation of revenue requirements in S. D. Codified Laws 49-34A-25.2. The Company incorporates Parts 2 through 5 of that section into the Transmission project revenue requirements model in 2011. The following explains how we apply 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.

The overall cost of capital to be used in TCR Rider revenue requirement calculations was determined in the Commission's Order in Docket No. E07-007 approving a Settlement Agreement with modifications. The capital structure to be used was addressed in the Settlement Agreement at page 3 as stated below:

“...2. Rate of Return - The Parties agree that the rate of return applicable to the eligible transmission investments reflected in the TCR rider shall be based on the Company's actual capital structure and senior capital costs (long-term debt) at the end of the preceding calendar year...”

The Commission Order in this docket superseded the Settlement Agreement with respect to the applicable return on equity and included the following ordering paragraph:

“...(ii) that the return on equity value to be included in the rate of return on investment will be 9.5% as provided in Elements of Settlement Stipulation, paragraph 2, but that if Xcel makes a general rate filing utilizing 2008 as the

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test year, the Commission may determine, based on its findings on the evidence received in such case, the appropriate return on equity value to be utilized under the TCR Rider, including the appropriate return on equity to be utilized and subject to trueup for the period from July 1, 2008, to the effective date of such order. The return on equity value may or may not be the same as the return on equity value approved for Xcel's general rate filing depending on the Commission's findings on the evidence received in such case.”

Our revenue requirements in this instant petition reflect the Company's actual 2008 capital structure for 2008 calculations and actual 2009 capital structure for the years 2009 through 2011. Since the Company did file a general rate case utilizing a 2008 test year, we used the return on equity approved by the Commission in that case for each year 2008 through 2011. As a result, we use an overall rate of return to calculate the return on construction work in progress (“CWIP”) and rate base of 8.37% for 2008 and 8.38% for 2009 to 2011. (See the base assumptions in Attachment 22).

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 2011 TCR revenue requirement model includes a current return on capital expenditures beginning with the cumulative CWIP balance for each project at January 1, 2011, 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 January 1, 2011. After that date, the South Dakota jurisdictional portion of costs does not include AFUDC and a current return is calculated on the CWIP balance.

No project costs related to the 2011 transmission projects are included in South Dakota base rates with the exception of a portion of the costs related to Project No. 13, the BRIGO project. Therefore, we have excluded from recovery in this rider the BRIGO project costs currently recovered through base rates. The revenue requirement calculation associated with these costs is shown in Attachment 29. The exclusion of these costs from our requested recovery is shown in Attachment 4 on the line labeled “Revenue Requirement in Base Rates”. As a result, capital projects included in this request are not being recovered from South Dakota customers under any other mechanism.

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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, Minnesota and wholesale customer 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 Midwest ISO Transmission and Energy Markets Tariff ("MISO TEMT").

For purposes of calculating projected revenue requirements, the Company proposes to use 2010 forecast demand allocators. Any resulting over/under recovery from customers as a result of the use of the 2010 demand factors will be reflected in the true up of 2011 revenues when determining the 2012 TCR adjustment rate. These demand allocators are shown in Attachment 22.

In addition to inclusion of the above provisions in the Transmission Statute project revenue requirements model and consistent with the Commission's order in Docket No. EL07-007, we include the following related costs: property taxes, current and deferred taxes and book depreciation. Attachments 8-21 show the revenue requirement calculations for the proposed TCR projects.

(7) Proposed Effective Date of Modified Rate

The Company proposes a January 1, 2011 implementation date. However, if the Commission approval is delayed such that we cannot meet this date, we would propose implementation in the second calendar month following Commission approval consistent with the process developed in implementing the monthly fuel clause adjustment factor.

In the event Commission approval occurs after January 1, 2011, the Company proposes to calculate the TCR factors based on forecasted sales over the remaining months of 2011 in an effort to match as closely as possible 2011 revenue recoveries and 2011 revenue requirements.

(8) Approximation of Annual Increase in Revenue

Attachment 7 shows the TCR Tracker Account activity from 2008 through 2011. When the tracker balance from 2010 is combined with the revenue requirements from Attachment 4 for 2011, it results in a revenue requirement of \$729,000 for 2011. If approved, this amount would be passed to customers from January to December 2011 through this tariff mechanism. The 2011 revenue requirement represents a \$446,826 increase in revenue when compared to the \$282,174 estimated to be recovered through the TCR during 2010.

(9) Points Affected

The proposed rate adjustment 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 83,000 customers in 36 communities in Eastern South Dakota.

(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

The Company plans to provide notice to customers regarding inclusion of this cost on their monthly electric bill. The following is proposed language to be included as a notice on the customers' bill the month the TCR factor is implemented:

“This month the Transmission Cost Recovery (TCR) Adjustment, which recovers the costs and expenses of new or modified transmission facilities, will be increasing from \$0.000094 per kWh to \$0.000359 per kWh. Questions? Contact us at 1-800-895-4999”

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We will work with the Commission Staff to determine if there are any suggestions to modify this notice.

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 22 AND 29 Pursuant to S.D. Codified Laws Chapter 20:10:01:41. The Company submits the following justification for confidential treatment of Attachments 22 and 29.

(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 22 and 29 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 Attachment 22 and 29 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;

James C. Wilcox
Manager, Regulatory Administration
500 W. Russell Street
P.O. Box 988
Sioux Falls, South Dakota 57101
(605) 339-8350

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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;

In accordance with South Dakota Admin. R. 20:10:01:39 through 42, Xcel Energy respectfully requests confidential treatment of certain information contained in this filing. In compliance with South Dakota Admin. R. 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.

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 was determined to be trade secret in the Company's 2009 electric rate case and this filing is consistent with that determination.

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:

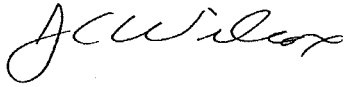
Brett Koenecke
May Adam Gerdes and Thompson, LLP
PO Box 160
503 S Pierre St.
Pierre, SD 57501

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Conclusion

Xcel Energy respectfully requests that the Commission approve the revised TCR Rider Adjustment Factor for 2011 described in this filing. This revised factor is designed to recover the costs associated with significant investments in needed transmission infrastructure, and appreciates the interest and efforts of South Dakota policy makers in supporting that effort.

Dated: December 17, 2010
Northern States Power Company
a Minnesota corporation



By: _____
JAMES C. WILCOX
Manager, Government & Regulatory Affairs