



500 West Russell St
Sioux Falls, SD 57104

November 29, 2016

--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: UPDATE
2017 TRANSMISSION COST RECOVERY ELIGIBILITY AND ADJUSTMENT
FACTOR
DOCKET NO. EL16-031

Dear Ms. Van Gerpen:

Northern States Power Company, doing business as Xcel Energy, submits the enclosed update to our 2017 Transmission Cost Recovery (TCR) Petition. We propose to make three adjustments to our initial Petition which cumulatively will decrease the 2017 total revenue requirement from approximately \$8.0 million to approximately \$7.7 million and the proposed rate from \$0.003797 per kWh to \$0.003627 per kWh.

1. During Commission Staff's review of our Petition, we identified that the Maple River – Red River project no longer meets the requirement for inclusion in the TCR rider. A route change reduced the length of the line so it will no longer meet the five-mile length requirement. This filing removes the project from the TCR request.
2. In addition, Staff noted that the MISO-determined retail responsibility percentage had not been updated in the tracker for 2016. We have corrected the percentage in the model in this filing.
3. On pages 8 and 9 of our September 1, 2016 Petition, we discussed a series of pending complaint dockets at the Federal Energy Regulatory Commission (FERC) regarding the return on equity (ROE) used in the transmission formula rates of jurisdictional Midcontinent Independent System Operator (MISO) transmission

owners, including the NSP Companies. The FERC issued its Order in Docket No. EL14-12 on September 28, 2016, which approved the Administrative Law Judge's recommended ROE of 10.32 percent.

On October 13, 2016, we filed our revised 2017 Attachments O, GG, and MM with MISO to reflect the reduced ROE. We have estimated the going-forward impact of the ROE change for October 2016 through December 2017 using the revised MISO Attachment data. This filing incorporates the estimate into the TCR tracker.

By mid-2017, we expect to have final, actual MISO billings reflecting the FERC 10.32 percent ROE retroactive to the time period from November 2013 through February 2015. Our next TCR Petition requesting a new rate for 2018 revenue requirements will include the true-up to actuals of the ROE update for 2017 actuals and the retroactive timeframe. The final impact of the ROE change is not known at this time.

We include the following updated attachments showing the impact of the above-noted three changes to the TCR tracker.

- Attachment 3: CWIP Expenditure Forecast Through 2019
- Attachment 4: Annual Tracker Summary
- Attachment 5: 2015 Tracker
- Attachment 6: 2016 Tracker
- Attachment 7: 2017 Tracker
- Attachment 8: 2018 Tracker
- Attachment 9: 2017 TCR Rate Calculation
- Attachment 11: Key Inputs
- Attachment 12: 2017 Revenue Requirement by Project by Month
- Attachment 14: Proposed Tariff Sheet
- Attachment 15: Proposed Customer 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 the updated Attachments 11 and 12 Pursuant to S.D. Codified Laws Chapter 20:10:01:41. The Company submits the following justification for confidential treatment of updated Attachments 11 and 12.

- (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. Updated Attachments 11 and 12 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 Updated Attachments 11 and 12 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.**

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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 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 No. EL14-058.

Please call me at (605) 339-8303 if you have any questions regarding this filing.

Sincerely,

/s/

ERIC M. PAULI
MANAGER, SOUTH DAKOTA COMMUNITY RELATIONS