



500 West Russell St
Sioux Falls, SD 57104

November 3, 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: UPDATE
2018 TRANSMISSION COST RECOVERY ELIGIBILITY AND ADJUSTMENT
FACTOR
DOCKET NO. EL17-036

Dear Ms. Van Gerpen:

Northern States Power Company, doing business as Xcel Energy, submits the enclosed update to our 2018 Transmission Cost Recovery (TCR) Petition. We appreciate Commission Staff's thorough review of our Petition. In response to Staff's review, we propose to make three adjustments to our initial Petition which cumulatively decrease the 2018 total revenue requirement from approximately \$6.72 million to approximately \$6.63 million and the proposed rate from \$0.003175 per kWh to \$0.003131 per kWh. The three adjustments are as follows.

1. Commission Staff noted that the capital structure described in the petition was not the capital structure vintage used in the calculation of the revenue requirement. Per the Settlement Agreement approved by the Commission in Docket No. EL12-35, the Company has agreed to use the prior year's year-end capital structure for each individual year in the revenue requirement calculations. The enclosed attachments update the 2016, 2017 and 2018 capital structures accordingly.
2. Staff also noted that construction on the Wilmarth – Carver County project has been delayed by several years beyond what was originally forecasted. The Company agreed with Staff that it would be appropriate to remove the project from the rider at this time and return the project to the rider when construction begins. The enclosed attachments show the removal of the project. Dollars already recovered through the rider (\$293) were subtracted from the 2016

carryover balance, shown on line 20 of Attachments 4 and 5. Given the small amount spent on this project thus far, the resulting carrying charge was *di minimus*.

3. During Staff's review of the filing, we also identified that a new segment was added to the Sioux Falls Northern project after the project was in-serviced. The new segment should have been considered a new, separate project, though on its own the project does not meet statutory requirements for inclusion in the rider. The updated attachments remove the added segment from the Sioux Falls Northern project. Attachment 3 shows there is no longer any capital expenditure forecasted in 2018 when the added segment was scheduled to be constructed.

We have included all of the attachments for ease of review, but we note that only the following attachments were impacted by the three changes made to the tracker:

- Attachment 3: CWIP Expenditure Forecast
- Attachment 4: Annual Tracker Summary
- Attachment 5: 2016 Tracker
- Attachment 6: 2017 Tracker
- Attachment 7: 2018 Tracker
- Attachment 8: 2019 Tracker
- Attachment 9: 2018 TCR Rate Calculation
- Attachment 11: Key Inputs
- Attachment 12: 2018 Revenue Requirement by Project by Month
- Attachment 13: Revenue Requirement Model Logic
- Attachment 16: Proposed Tariff Sheet
- Attachment 17: 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, 12 and 13 Pursuant to S.D. Codified Laws Chapter 20:10:01:41. The Company submits the following justification for confidential treatment of updated Attachments 11, 12 and 13.

- (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, 12 and 13 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, 12 and 13 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) 339-8350 if you have any questions regarding this filing.

Sincerely,

/s/

STEVE KOLBECK
PRINCIPAL MANAGER

Enclosure