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

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|---|---|
| IN THE MATTER OF THE APPLICATION OF NORTHERN STATES POWER COMPANY FOR APPROVAL OF 2021 INFRASTRUCTURE RIDER PROJECT ELIGIBILITY AND THE RATE RIDER ADJUSTMENT FACTOR | DOCKET NO. EL20-___<br><br>**INFRASTRUCTURE RIDER ANNUAL FILING AND UPDATE** |

## OVERVIEW

Northern States Power Company, doing business as Xcel Energy, submits to the South Dakota Public Utilities Commission this annual filing to update the Infrastructure Cost Recovery Rider, Adjustment Factor, and Tracker. The Company was initially authorized to establish the Infrastructure Rider by the Commission's April 18, 2013 Order in Docket No. EL12-046. The Infrastructure Rider was subsequently modified and approved in the electric rate case Settlement Stipulation in Docket No. EL14-058 by the Commission's June 16, 2015 Order. This filing is submitted consistent with that Order and Settlement.

Projects eligible for recovery through the Infrastructure Rider include those projects specified in Exhibit C to the Settlement in Docket No. EL14-058 and capital investments consistent with the Phase-In Statute (SDCL § 49-34A-73) not yet included in base rates or otherwise recovered through other available mechanisms. With this cost recovery mechanism, the Company committed to not file another application to increase base rates before January 1, 2018. As part of that commitment, and because additional projects may be added to the Infrastructure Rider, the Company agreed the annual update process would change from a compliance filing to an annual filing requiring specific Commission approval.

An additional Settlement Stipulation was approved by the Commission in the Tax Reform docket, which allows the Company to seek recovery through the Infrastructure Rider of new wind generation projects and the costs of terminating certain biomass Purchase Power Agreements (PPAs).[1] The Commission granted the Company's request for deferred accounting for the biomass costs, as required prior to inclusion of those costs in the Infrastructure Rider.[2] The Commission subsequently

[1] Docket No. GE17-003; Order (July 18, 2018)
[2] Docket No. EL18-027; Order (June 28, 2018)

approved Infrastructure Rider recovery of the biomass PPA termination costs and costs associated with six wind projects that were forecasted to go in-service in 2019 and 2020.[3]

In compliance with the various Settlement Agreements and Commission Orders referenced above, we last submitted a filing to update the Infrastructure Rider Adjustment Factor on October 1, 2019. The updated Adjustment Factor became effective January 1, 2020. We have included a tracker report showing actual revenue collections under this rate through July 31, 2020 and forecasted costs and collections for the remainder of 2020.

In this filing we propose to increase the Infrastructure rate to recover an estimated $24.9 million in revenue requirements for 2021, which includes a request for rider eligibility for four new wind projects,[4] and special rate treatment for one of those projects.[5] The resulting rate we propose to implement on January 1, 2021 is $0.011897 per kWh applied to all energy billed to each customer class during the calendar year 2021. The average bill impact is estimated to be $8.92 per month for a typical residential electric customer using 750 kWh per month, an increase of $2.27 compared to the 2020 rate.

We specifically request Commission approval of:

- project eligibility of four additional wind projects consistent with SDCL § 49-34A-73 and the Settlement Stipulation in Docket No. GE17-003;
- special rate treatment of one of the new projects;
- the Infrastructure Rider Tracker Report and true-up for the 2020 revenue requirements;
- 2021 Infrastructure Rider revenue requirements of $24.9 million;
- an updated Infrastructure Rider Adjustment Factor of $0.011897 per kWh;
- proposed revision to the Infrastructure Rider tariff sheet; and
- proposed customer notice.

## REQUIRED INFORMATION

Following is information specified in S.D. Admin. R. 20:10:13:26 regarding our proposed Infrastructure Rider Adjustment Factor and tariff.

[3] Docket No. EL18-040; Order (December 18, 2018) and Docket No. EL19-035; Order (December 13, 2019)
[4] Dakota Range I&II, Jeffers Wind, Community Wind North, and Mower Wind
[5] Community Wind North

## (1) Name and Address of the Public Utility

Northern States Power Company
500 West Russell Street
Sioux Falls, SD 57104
(605) 339-8350

## (2) Section and Sheet Number of Tariff Schedule

We propose to revise tariff sheet number 74 in Section 5 of the Northern States Power Company South Dakota Electric Rate Book. The proposed tariff sheet that would implement the revised Infrastructure Rider Adjustment Factor is included as Attachment 11.

## (3) Description of the Tariff Change

This request revises the Infrastructure Rider Adjustment Factor shown as a separate line item on customer bills. The current Infrastructure Adjustment Factor of $0.008873 per kWh became effective on January 1, 2020. We propose the new 2021 Infrastructure Adjustment Factor of $0.011897 per kWh be effective on January 1, 2021.

## (4) Reason for the Requested Change

The Company was initially authorized to establish the Infrastructure Rider by the Commission's April 18, 2013 Order in Docket No. EL12-046. In the subsequent electric rate case, Docket No. EL14-058, new projects were included, and the rider mechanism was expanded to implement the Phase-In Statute for possible recovery of other capital investments consistent with SDCL § 49-34A-73.1. Exhibit C of the Settlement in the most recent rate case identified projects with forecasted in-service dates through 2017. The Settlement Stipulation in Docket No. GE17-003 allows the Company to request recovery of new wind projects and costs related to the termination of several biomass PPAs. In this Petition, we propose to include revenue requirements associated with four additional wind projects; these projects are similar in kind to the types of investments already included in the existing Infrastructure Rider, consistent with the Phase-In Statute project definitions, and consistent with the Settlement Stipulation in Docket No. GE17-003.

The Infrastructure Rider Adjustment Factor has been updated each year since the mechanism was approved to reflect current costs and new facilities. To ensure that customers are not under or overcharged, we record the actual revenues and costs in our tracker account and credit or collect any difference during the next recovery period based on the estimated end of year balance in the tracker account.

This petition includes costs for 2021 and the projected true-up amount for 2020. These revenue requirements are incremental to any revenue requirements associated with the identified projects currently included in base rates. None of these costs are included in base rates or other cost recovery mechanisms for 2021.

## (5) Present Rate

The current monthly rate for all customer classes is $0.008873 per kWh, implemented on January 1, 2020 and approved in the Commission's December 13, 2019 Order in Docket No. EL19-035. The rate was calculated by dividing the 2020 projected annual revenue requirements of the Infrastructure Rider Tracker Account, including the 2019 true-up and adjustment from the Docket No. EL14-058 rate case proceeding, by the 2020 forecasted retail sales for the period January through December (the time period the rate was in effect); it was rounded to the nearest $0.000001 per kWh.

## (6) Proposed Rate

### A. Commission Authority

The Commission's authority for considering and approving the revised Infrastructure Rider Adjustment Factor proposed in this Petition was established through approval of the Settlement Agreements in Docket Nos. EL12-046 and as refreshed in EL14-058 first under its general authority provided in SDCL § 49-34A. Additionally, authority granted through SDCL §§ 49-34A-73 through 49-34A-78 (Phase-In Statute) allows for cost recovery of material plant investments in generation, transmission and distribution assets. In part, the Phase-In Statute provides:

> *S.D. Codified laws 49-34A-73. Phase in rate plan for rate increases due to plant additions. Notwithstanding anything in this chapter to the contrary, an electric utility that is subject to rate regulation by the commission and plans plant additions that are expected to have a material impact on rates may make application to the commission for a phase in rate plan to provide for the phase in of expected rate increases resulting from plant additions. The plan may provide for any of the following:*
>
> *(1) Rate increases to be incrementally phased in prior to the commencement of commercial operation of the plant additions;*

> (2) *To the extent rate increases for plant additions are allowed prior to commercial operation, restrictions on the capitalization of allowance for funds used during construction for the plant additions;*
> (3) *Restrictions on other rate increases; and*
> (4) *Any other conditions which benefit the public interest and may be imposed by the commission consistent with the findings in § 49-34A-74.*
>
> *S.D. Codified Laws 49-34A-73.1. Plant additions defined. For purposes of §§ 49-34A-73 to 49-34A-78, inclusive, plant additions are investments in fixed generation, transmission, and distribution assets, whether purchased or constructed, including operations and maintenance expenses directly related to those fixed assets, real property, and new power purchases.*

In addition, the Settlement Stipulation approved in Docket No. GE17-003 allows for the inclusion of new wind projects and biomass PPA termination costs in the Infrastructure Rider. Consistent with this stipulation, the Company is seeking a determination that the jurisdictional annual revenue requirements associated with four additional projects are eligible for recovery through the Infrastructure Rider.

We have calculated our revenue requirement consistent with the methodology accepted by the Commission in past Infrastructure Rider filing Orders.[6] The 2021 overall rate of return is based on the Company's last authorized capital structure and the return on equity (ROE) approved by the Commission in the most recent rate case.[7]

The Company proposes a 2021 Infrastructure Rider Adjustment Factor for all customer classes of $0.011897 per kWh. The Infrastructure Rider Adjustment Factor was calculated by dividing the forecasted balance of the Infrastructure Rider Tracker Account by the forecasted retail sales for the calendar year; it is rounded to the nearest $0.000001 per kWh.

[6] Docket No. EL12-046: April 23, 2013, October 1, 2013, October 1, 2014; Docket No EL14-058: June 18, 2015; Docket No. EL15-038: October 1, 2015; Docket No. EL16-032, September 30, 2016; Docket No. EL17-039: September 29, 2017; Docket No. EL18-040: October 1, 2018; Docket No. EL19-035: October 1, 2019.

[7] Docket No. EL14-058.

## B. Proposed Infrastructure Projects

### *i. Projects Previously Approved for Rider Recovery*

A complete list of projects previously approved for Infrastructure Rider recovery is provided in Attachment 9. The projects approved in the 2014, 2015, 2016, 2017, and 2018 dockets were reaffirmed for rider inclusion most recently in Docket No. EL19-035 and are included in the 2021 revenue requirement calculations.

Although inclusion of operating and maintenance costs associated with Phase-In projects is a permitted cost item for which we could request recovery, we are expressly not including O&M expenses in the determination of the Infrastructure Rider Adjustment Factor at this time.

### *ii. Project Updates*

Attachment 4 provides a summary of the updated revenue requirements for the approved projects compared to the forecasted revenue requirements presented in our last Infrastructure Rider update filed in Docket No. EL19-035. We discuss notable project cost, in-service date, and scope changes for several of the wind projects below.

In total, the forecast for projects included the 2020 Infrastructure Rider is approximately $2,368,740 less at this time compared to our approved 2020 level. This decrease in project revenue requirements for many projects is the primary driver of an overall lower revenue requirement for 2020 than forecasted in our last filing. The lower-than-forecasted 2020 revenue requirements effectively reduce the 2021 revenue requirements through the carryover balance.

#### *a. Project In-Service Status*

The Lake Benton project achieved commercial operation in November 2019, only one month later than our expected in-service date of October 2019. The Foxtail project achieved commercial operation in December 2019 rather than the expected October 2019, mostly due to weather impacts that delayed construction activities. A majority of the weather impacts were related to high precipitation levels that made the site conditions wet, generating a need for certain rework and/or slowed down construction progress. Blazing Star I achieved commercial operation in April 2020, later than the anticipated December 2019 in-service date, due to similar weather impacts delaying construction activities and also late delivery of our main power transformers. Blazing Star II and Crowned Ridge II are on track for commercial operation in late 2020 as discussed in our petition last year.[8] The forecasted commercial operation date for the Freeborn project has been delayed from December 2020 to March 2021 due to permitting delays and global supply chain issues caused by the COVID-19 pandemic, as discussed in further detail below.

*b. Freeborn and Blazing Star II Cost Increases*

In 2020, we experienced an extraordinary change in circumstances in the form of the COVID-19 global pandemic that halted worldwide manufacturing, resulted in extensive shipping and port delays, and led to the widespread issuance of emergency executive orders and adoption of social distancing protocols. As a result, the COVID-19 pandemic has put significant pressure on project timelines for both Freeborn and Blazing Star II.

Specifically, in the early weeks of the pandemic, certain key global product supply chains were significantly disrupted, which resulted in multiple notices of force majeure from our turbine supplier and ultimately to delayed equipment deliveries essential for these projects to move forward. These delays compounded earlier delays due to site permitting issues. For Blazing Star II, some of the project design efforts undertaken to gain additional customer savings after Tax Cuts and Jobs Act adoption caused site permitting challenges that we determined could not be effectively resolved in time to achieve the commercial operation date (COD) by year-end 2020.

Likewise, Freeborn has faced particular challenges with respect to site development, including repeated challenges to the Minnesota Public Utilities Commission's authority over site permitting, and local township ordinances effectively prohibiting work on township roads. The Company has undertaken extraordinary efforts to be responsive, discussing with stakeholders, intervening in legal proceedings, and reconfiguring project layouts to address concerns and preserve the project and associated benefits.

These project and supply chain delays have put upward pressure on project costs for Freeborn and Blazing Star II. Our anticipated COD remains December 2020 for Blazing Star II, but we now expect that Freeborn will be placed in service in 2021. Despite these delays; however, both projects will still maintain qualification for 100

[8] Crowned Ridge I, the PPA portion of the Crowned Ridge project, achieved commercial operation in January 2020.

percent PTCs as a result of our continuous construction efforts and extended IRS guidance.[9]

*c. Crowned Ridge*

As discussed in our last Infrastructure Rider Petition, a Midcontinent Independent System Operator (MISO) Definitive Planning Phase (DPP) study identified high costs associated with required transmission upgrades, such that nearly all studied wind projects withdrew from the interconnection queue, including the final 200 MW phase of the Company's 600 MW Crowned Ridge wind project. Accordingly, the Build-Own-Transfer (BOT) portion of the Crowned Ridge project was reduced by one third, or 100 MW, and the PPA portion was reduced by one third, or 100 MW. While the Company worked to identify paths forward, including alternate transmission queue positions and project configurations, at this time we continue to plan for the reduced size (400 MW) Crowned Ridge project.

The revenue requirements for this project have been adjusted for the reduced size project. The reduced cost of the project takes into account a Purchase Sale Agreement (PSA) price per MW which is less than originally contracted, as well as a slight increase in administrative costs related to project oversight, legal fees, engineering, project management, and business systems. This slight administrative cost increase is due to additional work that was needed to reconfigure the project at its reduced size, but is offset by the reduced PSA price per MW. The overall adjusted cost per MW for the project remains approximately the same as (in fact, slightly lower than) originally forecasted.

*d. New Project Eligibility*

The Company seeks an eligibility determination for the following projects which were not previously identified but are similar in type and nature to projects previously examined by staff and authorized as includable in the Infrastructure Rider. The inclusion in the Infrastructure Rider of new wind projects was authorized by the Settlement Stipulation approved by the Commission in its July 18, 2018 Order in Docket No. GE17-003. The proposed projects are:

- DWF0 Dakota Wind Turbines (A.0001701.001) (referred to as Dakota Range I & II)
- Jeffers Wind Purchase (A.0001721.100)

[9] In response to the pandemic and the industry-wide construction challenges the IRS extended the period within which projects need to reach commercial operation in order to obtain 100 percent qualification for the PTC. A revised ISD of 2021 for Freeborn allows the project to still achieve 100 percent PTCs.

- MWF Mower Wind Farm (A.0001724.001)
- Community Wind North Wind Project

We describe these projects more fully in Attachment 9.

We examined each of these projects to assess the net cost and benefits to customers and determined that each will bring value to customers. The Jeffers and Mower wind projects are repowered projects from which we currently purchase power. The Company had the option to obtain the power from these projects through renegotiated power purchase agreements (PPAs) instead of through ownership, but our analyses showed that the projects would be most beneficial to customers as owned assets. See Attachments 9A, 9B and 9C for detailed analyses of the four projects we request to add to the rider in this petition.

*e. Special Rate Treatment of Community Wind North Wind Project*

The Company has also negotiated the acquisition of the repowered Community Wind North Wind (CWN) project, from which we currently purchase power. Attachment 9B compares the cost of the acquisition of the repowered wind project costs for CWN with the existing PPA and a repowered PPA.[10] Since the repowered project will operate longer than the PPA terms, we assumed market energy purchases as the replacement energy during the years after the PPA expires.

On March 23, 2020, the Commission issued its Order Granting Joint Motion and Approval of Revised Settlement Stipulation (Proxy Price Settlement) in Docket No. EL18-004. The Proxy Price Settlement established proxy prices for the recovery of costs from certain resources, including CWN. Therefore, instead of comparing the PPA price to Company ownership of the repowered CWN project, Attachment 9B assumes recovery for the PPA based on the established proxy price. While the acquisition of this resource has the potential to reduce costs relative to the PPA, Attachment 9B shows that the costs of the CWN acquisition are higher than the costs expected under the established proxy price. Therefore, instead of requesting recovery of the costs of the CWN asset, the Company requests the ability to recover the established proxy price for the generation from CWN through the Infrastructure Rider. We propose that rider recovery continue through the existing term of the PPA or until included in base rates as part of a rate case proceeding. The recovery would be trued-up for actual production each year. This resolution maintains the costs to

[10] The repowered PPA caps the production from the facility. The existing price and PPA term are unchanged.

South Dakota customers consistent with the Proxy Price Settlement, while allowing the Company to mitigate impacts of the existing PPA. As an alternative option, the Company requests the ability to continue to recover the proxy price for the actual MWh production from CWN through the Fuel Clause Adjustment (FCA) during the existing term of the PPA or until included in base rates as part of a rate case proceeding.

### C. Infrastructure Tracker Account and Accounting

The Company uses a tracker account as the accounting mechanism for eligible Infrastructure 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 allocated costs among jurisdictions based on the cost allocation methodology approved in our last rate case and consistent with the Commission's December 13, 2019 Order approving the prior Infrastructure Rider filing. As a result, for 2021, South Dakota electric customers are allocated approximately 5.72 percent to 6.83 percent of each individual project, depending on the type of system component.

Each month as revenues are collected from retail customers, the Company tracks the amount of recovery under the Infrastructure Rider Adjustment Factor and compares that amount with the monthly revenue requirements. The difference is recorded in the Tracker Account as the amount of over- or under-recovery. The under-recovered amounts are recorded in FERC Account 182.3, Other Regulatory Assets, and the over-recovered amounts are recorded in FERC Account 254, Other Regulatory Liabilities (the Tracker Accounts). 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 Adjustment Factor for the next year's forecasted revenue requirement.

### D. Project Cost Recovery

#### *i. Summary*

Below we provide support for the proposed 2021 Infrastructure Rider rates. This information is summarized as follows:

- The projected Infrastructure Rider Tracker Account activity for 2021, including both revenue requirements and projected revenues, is summarized in Attachment 2 with monthly detail in Attachment 3.

- The projected 2021 revenue requirement proposed to be recovered through the Infrastructure Rider Adjustment Factor from South Dakota electric customers is approximately $24.9 million. Detailed revenue requirements for each project can be found in Attachment 5. These calculations are discussed in detail below.
- Projected revenues are calculated by month as shown in Attachment 6 and are based on forecast 2021 South Dakota sales by calendar month.
- The development of the Infrastructure Adjustment Factor is included in Attachment 1. The proposed Infrastructure Adjustment Factor is shown below.

Included in the $24.9 million in revenue requirements is the 2020 Infrastructure Rider Tracker Report projected true-up over-collection balance of $2,144,579. We note that this projected carryover balance is associated primarily with decreases in the projected revenue requirements across several of the projects, including several of the wind projects where work was delayed into 2020 or 2021.

*ii. Proposed 2021 Infrastructure Rider Adjustment Factor*

The Company's Infrastructure Rider rate design is 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 energy sales to South Dakota retail customers from January through December 2021. This calculation is shown on Attachment 1.

Based on this rate design, we propose the following Infrastructure Rider Adjustment Factor:

**Table 1: 2021 Rate Factor Calculation**

| | **Retail** |
|---|---|
| **Infrastructure Rider Adjustment Factor Cost Per kWh** | **$0.011897** |
| | |
| **2021 SD retail Sales (MWh)** | **2,094,500** |
| | |
| *2021 Revenue Requirement* | *$27,063,564* |
| *2020 Carry-Forward Balance* | *($2,144,579)* |
| **2021 Net SD retail Cost** | **$24,918,985** |

If all capital projects as proposed in this Petition are included for recovery through the Infrastructure Rider, our 2021 revenue requirements will reflect plant additions for those projects and the true-up balance for 2020. The remaining 2019 Tracker balance has been included in the present Infrastructure Adjustment Factor. We propose to implement a $0.011897 per kWh Adjustment Factor applicable to all customer classes beginning January 1, 2021.

*iii. Bill Impact*

The average bill impact for a residential customer using 750 kWh per month will be $8.92 per month, an increase of $2.27 compared to the current rate. Consistent with our approved tariff, we will notify our customers of the change through a bill onsert in the month the change is effective.

*iv. Tariff*

Attachment 11 provides the proposed revised tariff sheet to implement the proposed Infrastructure Rider Adjustment Factor based on forecasted costs for the 2021 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 Infrastructure Rider recoveries from customers and the actual revenue requirements for the period.

*v. South Dakota Jurisdictional Cost*

Attachment 5 shows the development of 2021 revenue requirements for each project for the South Dakota jurisdiction, based on the capital related cost, by project, using the most recent capital forecast.

Xcel Energy operates the generation and transmission assets of Northern States Power Company – Minnesota (NSPM) and Northern States Power Company – Wisconsin (NSPW) as one 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 generation and transmission costs are shared between NSPM and NSPW based on load ratio share using a FERC-approved 36-month coincident peak demand allocator. The NSPM portion is then further allocated to its respective state jurisdictions (South Dakota, North Dakota and Minnesota) based on the allocation methodology generally accepted in our rate case proceedings.

*vi.* *Calculations to establish that the rate adjustment is consistent with the terms of the tariff.*

Attachment 1 contains the calculation of the proposed 2021 Infrastructure Rider Adjustment Factor consistent with the terms of the Infrastructure Rider tariff proposed in Attachment 11. Attachment 8 demonstrates the revenue requirement model logic and aids in confirming the calculation is accurate.

**(7) Proposed Effective Date of Modified Rate**

Consistent with the 30-day notice requirement under S.D. Codified Laws 49-34A-17, we propose to implement rates January 1, 2021. If the Commission acts to suspend the proposed rates and our Petition has not been approved in time to implement January 1, we propose to implement the rates the first billing cycle following Commission approval, or at the time the proposed rates are no longer subject to suspension. As indicated above, the rate has been determined based on a January 1 implementation, and we request the opportunity to recalculate the Infrastructure Adjustment Factor to reflect the time remaining in 2021 in the event Commission approval occurs later.

**(8) Approximation of Annual Increase in Revenue**

Attachment 2 shows the summary of the Infrastructure Tracker Account activity for 2019 through 2021, and Attachment 3 provides monthly detail for 2019, 2020 and 2021. The 2020 true-up balance is currently forecasted to be ($2,144,579) at the end of 2020. We propose revenue requirements of $24,918,985 for 2021, which includes the true-up balance, be included as part of this rider mechanism; support for this amount is included in Attachments 1 through 7. We have calculated this amount to be collected from customers from January through December 2021 through this tariff mechanism. Pending the timing of Commission approval, we will recalculate the Infrastructure Rider Adjustment Factor based on when the new rate can be implemented.

The proposed 2021 revenue requirements represent a $5,663,615 increase compared to the 2020 revenue requirement approved for the Infrastructure Rider in Docket No. EL19-035. This increase is primarily associated with the new wind projects we have asked be included in the Infrastructure Rider in this Petition and a full year of revenue requirements in 2021 for the wind projects previously authorized for inclusion in the rider that are scheduled to go in service at the end of 2020.

## (9) Points Affected

The proposed Infrastructure Rider Adjustment Factor 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 approximately 97,525 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

In accordance with ARSD 20:10:16:01(2), the Company plans to provide notice to customers comparing the prior rate and the new rate through a bill onsert. Attachment 13 includes the language we propose be included with customers' bills the month the Infrastructure Adjustment Factor is implemented, or as soon as is practicable after implementation of the Adjustment Factor.

We will work with the Commission Staff to determine if there are any suggestions to modify this bill onsert. To the extent that multiple new rider rates are implemented on the same date, we will coordinate the various rider customer notices.

## WIND PROJECT PERFORMANCE ANNUAL REPORT

In the Settlement Stipulation approved by the Commission in our last rate case (Docket No. EL14-058), the Company agreed to report certain information related to capital cost, operating costs, congestion costs and other energy production information for the Pleasant Valley and Border Winds projects once construction of either project is completed. In the 2015 Infrastructure Rider proceeding, the Company also agreed to report the same information for the Courtenay project once construction is completed.[11] The Settlement stipulated that reporting should begin with the first October 1 annual Infrastructure Rider update filing following the completion of the project construction, and we will continue to provide annual reports until each of these projects is moved into base rates.

As part of the Settlement Stipulation approved in the 2015 Annual Infrastructure Rider Update (Docket No. EL15-038), we also agreed to include information about the Courtenay wind project in the report once the project is complete and in-service. In the Company's October 1, 2018 Infrastructure Rider Petition in Docket No. EL18-040, the Company committed to reporting the same information for the new wind projects included in the Petition – Blazing Star I, Crowned Ridge, Foxtail, and Lake Benton.

The Commission's December 13, 2019 Order in Docket No. EL19-035 requires the Company to submit annual informational reports on the performance metrics of the Blazing Star II and Freeborn wind projects.

We provide the Wind Project Performance Annual Report information for calendar year 2019 for the Pleasant Valley, Border Winds, Courtenay, Foxtail, and Lake Benton facilities in Attachment 12. The other wind facilities were not yet placed in-service before the end of 2019. We will add the additional projects to the wind report as each is placed in-service.

In addition to the Wind Project Annual Report, as we committed during last year's hearing to approve the 2019 Infrastructure Rider, we also provide an analysis of the energy cost impacts of the wind resources included in this rider as Attachment 12B.

As an initial matter, we note that determining historical benefits of wind presents challenges. Without the wind resource additions, the dispatch of resources and locational marginal prices (LMPs) would be different. It is not possible to determine with precision what the costs to serve load would have been absent the wind resource additions. However, we can calculate the energy revenues for each resource and compare those revenues to the costs in the rider.

Attachment 12B provides the actual MISO wholesale revenues for each resource for the first eight months of 2020 and compared to the costs included in the Infrastructure Rider. Energy revenues exceeded costs in February, March, and April. Costs exceeded energy revenues in the remaining months. To date, costs exceed

[11] Docket No. EL15-038

revenues for 2020. Revenues were impacted by lower load levels due to COVID-19. The Foxtail project experienced negative LMP in May and June due to congestion. We note that these wind projects will also contribute capacity to our system. In addition, as depreciation accumulates for each project, the cost in rates will decline. We expect the benefits of the wind additions to increase in the future as a result. In the analysis we provided to support the acquisition of the 1550 MW wind portfolio, our modeling anticipated a small net benefit of $9 million on a system basis beginning in 2020 and increasing in subsequent years. In future filings, the Company can provide further updates to this analysis to provide the Commission with an ongoing evaluation of the benefits of wind projects.

## 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 certain portions of Attachments 2, 3, 4, 5, 7, 8, 9B, and 9C Pursuant to S.D. Codified Laws Chapter 20:10:01:41. The Company submits the following justification for confidential treatment of these Attachments.

**(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. Certain portions of Attachments 2, 3, 4, 5, 7, 8, 9B, and 9C 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 certain portions of Attachments 2, 3, 4, 5, 7, 8, 9B, and 9C 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.**

Steve T. Kolbeck
Principal Manager
500 W. Russell Street

P.O. Box 988
Sioux Falls, SD 57101
(605) 339-8350
steve.t.kolbeck@xcelenergy.com

**(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 capital structure and confidential provisions of the Settlement is trade secret consistent with the Settlement Stipulation and Commission Order in Docket EL14-058.

## CONTACT INFORMATION

We request that all communications regarding this proceeding, including data requests, also be directed to:

Lynnette Sweet
Regulatory Administrator
Xcel Energy
414 Nicollet Mall – 401, 7th Floor
Minneapolis, MN 55401
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## CONCLUSION

Xcel Energy respectfully requests that the Commission approve the proposed projects as eligible for recovery and approve the revised Infrastructure Rider Adjustment Factor of $0.011897 per kWh for 2021 as described in this filing.  This revised Infrastructure Rider Adjustment Factor is designed to recover the costs associated with significant investments in necessary generation and transmission projects.  In addition, the Company requests that the Commission approve the proposed special rate treatment of the Community Wind North wind facility.  The Company appreciates the interest and efforts of South Dakota policymakers in adopting a constructive approach to support the continued and on-going system improvements that are needed for safe, efficient and reliable service to customers.

Dated: October 1, 2020

Northern States Power Company