

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

IN THE MATTER OF THE APPLICATION OF
NORTHERN STATES POWER COMPANY
FOR APPROVAL OF 2022 INFRASTRUCTURE
RIDER PROJECT ELIGIBILITY AND THE
RATE RIDER ADJUSTMENT FACTOR

DOCKET NO. EL21-____
**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. In that docket, the Company agreed the annual rider 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 approved Infrastructure Rider recovery of the biomass PPA termination costs and costs associated with ten wind projects that were forecasted to be in-service in 2019, 2020, and 2021.³

¹ Docket No. GE17-003; Order (July 18, 2018)

² Docket No. EL18-027, Order (June 28, 2018)

³ Docket No. EL18-040, Order (December 18, 2018); Docket No. EL19-035, Order (December 13, 2019); Docket No. EL20-026, Order (December 28, 2020)

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, 2020. The updated Adjustment Factor became effective January 1, 2021. We have included a tracker report showing actual revenue collections under this rate through July 31, 2021 and forecasted costs and collections for the remainder of 2021.

In this filing, we propose to increase the Infrastructure rate to recover an estimated \$30.0 million in revenue requirements for 2022, which includes a request for rider eligibility for two new wind projects, Northern Wind Farms and Nobles Wind Repower, in addition to operating and maintenance (O&M) expenses associated with wind investments. The resulting rate we propose to implement on January 1, 2022 is \$0.013865 per kWh applied to all energy billed to each customer class during the calendar year 2022. The average bill impact is estimated to be \$10.40 per month for a typical residential electric customer using 750 kWh per month, an increase of \$1.48 compared to the 2021 rate.

We specifically request Commission approval of:

- project eligibility of two additional wind projects consistent with SDCL § 49-34A-73 and the Settlement Stipulation in Docket No. GE17-003;
- O&M expenses associated with wind investments;
- the Infrastructure Rider Tracker Report and true-up for the 2021 revenue requirements;
- 2022 Infrastructure Rider revenue requirements of \$30.0 million;
- an updated Infrastructure Rider Adjustment Factor of \$0.013865 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.

- (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 \$0.011897 per kWh became effective on January 1, 2021. We propose the new 2022 Infrastructure Adjustment Factor of \$0.013865 per kWh be effective on January 1, 2022.

(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 two 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. In addition, we have added O&M expenses associated with wind investments being recovered through the rider, consistent with the Phase-In Statute.

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 2022 and the projected true-up amount for 2021. 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 2022.

(5) Present Rate

The current monthly rate for all customer classes is \$0.011897 per kWh, implemented on January 1, 2021 and approved in the Commission’s December 28, 2020 Order in Docket No. EL20-026. The rate was calculated by dividing the 2021 projected annual revenue requirements of the Infrastructure Rider Tracker Account, including the 2020 true-up and adjustment from the Docket No. EL14-058 rate case proceeding, by the 2021 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 two 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.⁴ The 2022 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.⁵

The Company proposes a 2022 Infrastructure Rider Adjustment Factor for all customer classes of \$0.013865 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.

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 10. The projects approved in the 2014, 2015, 2016, 2017, 2018, and 2019 dockets were reaffirmed for rider inclusion most recently in Docket No. EL20-026 and are included in the 2022 revenue requirement calculations.

⁴ Docket No. EL12-046: April 18, 2013, December 9, 2013; Docket No. EL14-058: June 16, 2015; Docket No. EL15-038: December 11, 2015; Docket No. EL16-032, December 21, 2016; Docket No. EL17-039: December 21, 2017; Docket No. EL18-040: December 18, 2018; Docket No. EL19-035: December 13, 2019; Docket No. EL20-026: December 28, 2020.

⁵ Docket No. EL14-058.

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. EL20-026. We discuss notable project cost, in-service date, and scope changes as needed below.

In total, the forecast for projects included the 2021 Infrastructure Rider is approximately \$401,658 less at this time compared to our approved 2021 level. The lower-than-forecasted 2021 revenue requirements effectively reduce the 2022 revenue requirements through the carryover balance. See Attachment 4.

a. Project In-Service Status

Crowned Ridge II achieved commercial operation in late 2020 as forecasted in our petition last year.⁶ Blazing Star II achieved commercial operation in late January 2021 and Freeborn achieved commercial operation in May 2021, only slightly later than anticipated for each project at the time we filed our petition last year.

The Jeffers and Community Wind North facilities achieved commercial operation in January 2021 compared to our initial forecast of November 2020. Mower Wind achieved commercial operation in December 2020 as originally forecasted. We continue to forecast that Dakota Range I and II will achieve commercial operation in December 2021.

b. Dakota Range I and II Notable Updates

The Dakota Range I and II project was originally expected to qualify for production tax credits (PTCs) at the 80 percent level. In response to modified IRS guidance, however, a cross-functional team immediately undertook efforts to determine whether Dakota Range could be converted into a 100 percent PTC project. The Company identified wind turbine equipment in our overall Xcel Energy inventory that could be deployed to the Northern States Power Company-Minnesota (NSPM) operating company such that we now expect to qualify for PTCs at the 100 percent level for Dakota Range I and II. We expect these efforts to provide an additional \$80-90 million of benefits over the project life of Dakota Range I and II, which will more than offset limited cost increases we have incurred in connection with the project.

⁶ Crowned Ridge I, the PPA portion of the Crowned Ridge project, achieved commercial operation in January 2020.

c. 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 Northern Wind Farms and Nobles Wind Repower.

We describe these projects more fully in Attachment 10.

We examined each of these projects to assess the net cost and benefits to customers and determined that each will bring value to customers. See Attachments 10A and 10B for detailed analyses of the two projects we request to add to the rider in this petition.

d. Updated Treatment of O&M Expenses

The Phase-In Statute⁷ includes O&M expenses as a cost item for which we are permitted to request rider recovery. We have included in the 2022 revenue requirements the operating and maintenance expenses associated with the wind projects recovered through the Infrastructure Rider. While in past proceedings we did not include O&M expenses in the Infrastructure Rider revenue requirements, the Company has incurred, and continues to incur, significant incremental O&M expenses related to the large number of wind facility investments the Company has made since our last rate case proceeding in 2014. These O&M expenses are not being recovered through base rates as these investments were not contemplated at the time of our last rate case.⁸ The total O&M expenses included in the 2022 revenue requirement is approximately \$2.6 million, as detailed in Attachment 9.

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

⁷ S.D. Codified Laws 49-34A-73.1

⁸ We note that we have not included any O&M associated with wind projects that are being recovered through base rates, including the Grand Meadows and Nobles wind facilities.

methodology approved in our last rate case and consistent with the Commission's December 28, 2020 Order approving the prior Infrastructure Rider filing. As a result, for 2022, South Dakota electric customers are allocated approximately 5.64 percent to 6.81 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 2022 Infrastructure Rider rates. This information is summarized as follows:

- The projected Infrastructure Rider Tracker Account activity for 2022, including both revenue requirements and projected revenues, is summarized in Attachment 2 with monthly detail in Attachment 3.
- The projected 2022 revenue requirement proposed to be recovered through the Infrastructure Rider Adjustment Factor from South Dakota electric customers is approximately \$30.0 million. Detailed revenue requirements for each project can be found in Attachment 5. We note that the Commission approved special rate treatment for the Community Wind North project. Attachment 5A details how the revenue requirements were calculated for this project separately.
- Projected revenues are calculated by month as shown in Attachment 6 and are based on forecast 2022 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 \$30.0 million in revenue requirements is the 2021 Infrastructure Rider Tracker Report projected true-up over-collection balance of \$2,404,891. This

projected carryover balance is primarily due to revenues being higher in 2020 and 2021 than forecast in our last petition.

ii. Proposed 2022 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 2022. This calculation is shown on Attachment 1.

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

Table 1: 2022 Rate Factor Calculation

	Retail
Infrastructure Rider Adjustment Factor Cost Per kWh	\$0.013865
2022 SD retail Sales (MWh)	2,163,797
<i>2022 Revenue Requirement</i>	<i>\$32,406,147</i>
<i>2021 Carry-Forward Balance</i>	<i>(\$2,404,891)</i>
2022 Net SD retail Cost	\$30,001,256

If all capital projects as proposed in this Petition are included for recovery through the Infrastructure Rider, our 2022 revenue requirements will reflect plant additions for those projects and the true-up balance for 2021. The remaining 2020 Tracker balance has been included in the present Infrastructure Adjustment Factor. We propose to implement a \$0.013865 per kWh Adjustment Factor applicable to all customer classes beginning January 1, 2022.

iii. Bill Impact

The average bill impact for a residential customer using 750 kWh per month will be \$10.40 per month, an increase of \$1.48 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 2022 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 2022 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 (NSP 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 2022 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, 2022. 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 2020 through 2022, and Attachment 3 provides monthly detail for 2020, 2021 and 2022. The 2021 true-up balance is currently forecasted to be (\$2,404,891) at the end of 2021. We propose revenue requirements of \$30.0 million for 2022, which includes the true-up balance, be included as part of this rider mechanism; support for this amount is included in Attachments 1 through 9. We have calculated this amount to be collected from customers from January through December 2022 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 2022 revenue requirements represent a \$5.7 million increase compared to the 2021 revenue requirement approved for the Infrastructure Rider in Docket No. EL20-026. This increase is primarily associated with the new wind projects and O&M expenses associated with all wind projects included in the Infrastructure Rider in this Petition in addition to a full year of revenue requirements in 2022 for the Dakota Range I & II wind project which is scheduled to go in service at the end of 2021.

(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 98,471 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 insert. 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 insert. 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.⁹ 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.

⁹ Docket No. EL15-038

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 2020 for the Pleasant Valley, Border Winds, Courtenay, Foxtail, Lake Benton, Blazing Star I, and Crowned Ridge II facilities in Attachment 12 and 12A. The other wind facilities were not yet placed in-service before the end of 2020. We will add the additional projects to the wind report as each is placed in-service.

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.

As part of our October 1, 2020 Infrastructure Rider proceeding, we provided the actual MISO wholesale revenues for each resource for the first eight months of 2020 compared to the costs included in the Infrastructure Rider. We have updated that analysis through August 2021 and added the Blazing Star II, Freeborn, and Crowned Ridge projects. These updates include updates to the costs previously provided for 2020 due to 2020 allocators being updated to actual allocators. As shown in Attachment 12B, energy revenues exceeded costs in October through December of 2020, while costs exceeded wholesale energy revenues for the first eight months of 2021. As depreciation accumulates for each project the revenue requirement is reduced and the cost in rates will decline. The Borders and Courtney projects, which have been in service for several years, show benefits in all months. Likewise, the revenue requirement for new projects will be highest at the beginning of each plant's depreciation life. We expect the benefits of the wind additions to increase in the future as a result.

Wind projects will also contribute capacity to our system, which is a benefit not included in Attachment 12B. We note that the negative LMPs shown in some months on Attachment 12B is due to congestion. Congestion on the transmission system in the Upper Midwest has resulted in lower LMP, reducing the wholesale revenues from wind resources. A significant driver of congestion is a lack of transmission in certain areas. This has a negative effect on LMPs in MISO that

impacts real-time wind generation on the NSP System. While we expect MISO to address this issue over time, these congestion costs are borne by all market participants.

To determine the impact and magnitude of market constraints, Xcel Energy regularly reviews and analyzes real-time congestion patterns to determine both the impact on resources as well as correlation to known system conditions (outages, dispatch, and system configuration). As we explore ways to alleviate congestions costs, we base any decisions on a benefit (amount of congestion relieved) to cost (either increased risk or capital cost) analysis. Until recently, there have been few instances in which the benefit of mitigation exceeds the cost or risk of implementation, but as congestion costs rise, the value and viability of market economics based mitigation increases. As noted above, MISO will be key to enacting long-term solutions to congestion in the region.

As discussed above, the lower LMPs do not necessarily mean that the wind is not providing benefits. Without the wind additions, the dispatch of our system and resulting costs would be different. Attachment 12B does not include the repowered wind projects, Mower, Jeffers, and Community Wind North. The repowered projects provide benefits due to the increased efficiency and additional PTC eligibility relative to the existing wind projects. Therefore, an analysis of wholesale revenues for a repowered resource does not apply in the same way as new greenfield resources. In future filings, the Company can continue to 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, 10, 10A, and 10B 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, 10, 10A, and 10B 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, 10, 10A, and 10B 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
Regulatory.Records@xcelenergy.com

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 \$0.013865 per kWh for 2022 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. 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, 2021

Northern States Power Company