

INTERIM REFUND PLAN

Xcel Energy submits the following plan for refunding the portion of the interim rate surcharge that will exceed the amount of the increase in the Settlement Stipulation to this docket. The interim rate period subject to refund is January 1, 2023, when interim rates began, through June 30, 2023.

On November 15, 2023, the Company filed its Notice of Intent to Implement Interim Rates pursuant to S.D. Codified Laws § 49-34A-17. On January 1, 2023 Xcel Energy implemented an incremental interim increase of approximately \$43.7 million, plus a transfer of approximately \$43.4 million for certain rider costs, shifting recovery to base rates from certain riders consistent with the Company's request in this rate case and the respective rider dockets. The total Interim Rate Increase is approximately \$87.1 million on an annual basis for service occurring on and after January 1, 2023.

In its Settlement Stipulation, the Parties agree to an increase in South Dakota jurisdictional electric revenues of approximately \$3,630,000, plus a transfer of approximately \$42,756,000 for certain rider costs, to produce total retail related revenue requirement of approximately \$248,738,000. As such, the annualized refund amount is approximately \$40,692,000. The steps that Xcel Energy will use for distributing this refund are described below.

The ordered test year revenue increase (line 2 of Attachment A) is subtracted from the authorized interim revenue increase (line 1 of Attachment A) to provide the test year interim refund (line 3 of Attachment A). The test year interim refund (approximately \$40,692,000) as a percent of the test year interim increase (approximately \$87,079,000) equals the interim refund factor (46.7305%; line 4 of Attachment A). This interim refund factor is applied to the actual monthly interim revenues collected to provide actual monthly refund amounts (Attachment B). Please note that Attachment B includes estimated interim refund collections for the months May 2023 and June 2023. Actual interim revenue collections will be used in the calculations when they are available. The total refund amount without interest is estimated at approximately \$17,488,000 (line 6 of Attachment A).

As part of the refund, Xcel Energy will include interest, calculated by applying a 7% annual interest to the average refund balance for each month that interim revenues were collected (January 2023 through June 2023). The interest calculation is shown on Attachment C, with total interest charges through July 1, 2023 estimated at approximately \$274,000.

The Company reduced the refund amount by approximately \$36,000 to account for the Infrastructure Rider revenue requirements from January through June 2023 (line 9 of Attachment A) and also included proceeds of \$235,000 from the Inver Hills asset sale (line 10 of Attachment A).

The actual interim revenue refund (line 6 of Attachment A) plus interest (line 7 of Attachment A) plus the Inver Hills asset sale proceeds (line 10 of Attachment A) less the Infrastructure Rider revenue requirement (line 9 of Attachment A) equals the total refund obligation (line 11 of Attachment A) of approximately \$17,961,000. The total refund obligation as a percent of total actual revenues collected equals the actual interim revenue refund factor, which is estimated to be 47.9942% (line 12 of Attachment A).

For every customer assessed an interim rate charge, a refund will be calculated by multiplying the customer's actual interim rate charges during the period from January 2023 through June 2023 by the refund factor. The estimated average refund per residential customer is \$90.30. Refunds of the applicable franchise fees and sales taxes will also be included in the refund amount. The interim rate refunds will be credited to accounts during a monthly billing cycle currently estimated for August 2023. Refunds for existing customers will be in the form of a bill credit posted to the customer's account. A bill message will be developed to briefly describe the refund credit. Customers due a refund who are no longer Xcel Energy customers will receive a check if the refund amount is \$3.00 or more. Any residual un-refunded monies will be included in the fuel clause true-up adjustment for distribution to all remaining customers, consistent with the method approved by the Commission in Docket Nos. EL11-019, EL12-046, and EL14-058.