



500 West Russell Street  
Sioux Falls, SD 57104

June 14, 2023

—Via Electronic Filing—

Ms. Patricia Van Gerpen, Executive Director  
South Dakota Public Utilities Commission  
Capitol Building, 1<sup>st</sup> Floor  
500 E. Capitol Ave.  
Pierre, SD 57501-5070

RE: COMPLIANCE FILING-INTERIM RATE REFUND CALCULATION  
APPLICATION OF NORTHERN STATES POWER COMPANY FOR AUTHORITY TO  
INCREASE RATES FOR ELECTRIC SERVICE IN SOUTH DAKOTA  
DOCKET NO. EL22-017

Dear Ms. Van Gerpen:

Northern States Power Company, operating in South Dakota, submits to the South Dakota Public Utilities Commission (the Commission) this compliance filing that provides an explanation of the calculations used to determine the interim rate refund amount. The Company provides the explanation below, and the calculation is provided in Attachment A to this filing.

On January 1, 2023, Xcel Energy implemented an interim rate increase, which included two pieces. The first piece is the net annual increase to base rates, which was \$43.7 million. The approved Settlement allows for an annual net base rate increase of \$3.6 million. Customers will be refunded the difference of approximately 91.7% of this portion of the interim rate increase, or approximately \$40.1 million on an annual basis. The Settlement also allows for \$10.7 million in 2023 Infrastructure projects to be recovered in the Infrastructure rider. The costs associated with the infrastructure projects were removed from the final base rate cost of service, so it does not impact the interim rate refund.

The second piece of the interim rate increase is \$43.4 million of annual “rider roll-in”, which is cost recovery that is being moved from the Company’s Infrastructure Rider, Transmission Cost Rider and Fuel Clause Rider into base rates through the interim rate process. This interim increase is offset by a corresponding \$43.4 million reduction to the rider rates effective concurrent with the interim rate increase on

January 1, 2023. The approved Settlement allows for an annual increase to base rates of \$42.8 million (with a corresponding decrease to riders). Customers will be refunded approximately 1.4% of this portion of the interim rate increase, or \$0.6 million on an annual basis.

In total, the interim base rate increase was \$87.1 million on an annual basis. Final base revenue increase including the rider roll-in was \$46.4 million. The Company will refund 46.7% (\$40.7 million annual) of the interim revenue collections, as illustrated in the table below.

**Base Revenue Increase Comparison and Interim Refund (\$000s)**

	Interim Revenue	Final Revenue	Refund	Percent Refunded
Base Revenue	\$43,734	\$ 3,630	\$40,104	91.70%
Rider Roll-in to Base	43,345	42,756	589	1.36%
Total Base Revenue Increase	\$87,079	\$46,386	\$40,693	46.73%

The interim refund factor of 46.73% is applied to the actual interim revenues collected during January 2023 through June 2023. The total refund excluding interest is estimated at \$17.5 million. Xcel Energy will include interest, calculated by applying a 7% annual interest, with total interest estimated at approximately \$274,000.

Per the Settlement, the Company will also include a \$235,000 credit for the Inver Hills Asset Sale proceeds and will reduce the refund by \$36,000 for a true-up to the Infrastructure Rider revenue requirements through June 2023. With those adjustments, the Company estimates approximately 47.99% of the interim revenue collected will be refunded. The refund percentage will be applied to the amount of interim revenues paid by each individual customer, therefore each customer will receive a refund corresponding to the level of interim revenues they were charged. The Company anticipates posting refund credits to customer accounts in August 2023.

We have electronically filed this document and served copies on all parties on the attached service list.

Please contact Steve Kolbeck at [Steven.T.Kolbeck@xcelenergy.com](mailto:Steven.T.Kolbeck@xcelenergy.com) or 605-339-8350 if you require any additional information.

Sincerely,

/s/

LISA PETERSON  
DIRECTOR, REGULATORY PRICING AND ANALYSIS

Enclosure  
CC: Service List