

STATE OF SOUTH DAKOTA  
BEFORE THE  
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION  
OF NORTHERN STATES POWER  
COMPANY, FOR AUTHORITY TO  
INCREASE RATES FOR ELECTRIC  
SERVICE IN THE STATE OF SOUTH  
DAKOTA

DOCKET NO. EL25-024

**NOTICE OF INTENT TO  
IMPLEMENT INTERIM RATES**

**INTRODUCTION**

Northern States Power Company, a Minnesota corporation doing business as Xcel Energy (Company), submits to the South Dakota Public Utilities Commission (Commission) this Notice of Intent to Implement an interim rate increase for our South Dakota retail electric customers for service provided on and after January 1, 2026 (the Interim Rate Increase) pursuant to S.D. Codified Laws § 49-34A-17. It is the Company's understanding that no Commission action is required to implement interim rates. This Interim Rate Increase of \$62.4 million will remain in effect until final rates are implemented following the Commission's final determination in this matter. The Interim Rate Increase consists of a net incremental interim revenue increase of \$43.1 million plus a transfer of approximately \$19.3 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 overall incremental revenue increase of \$43.1 million represents a 14.88 percent increase to the Company's total revenue. As authorized by S.D. Codified Laws § 49-34A-17, the Company will use the rate design currently in effect to recover the interim revenue requirement. For a residential customer using 750 kWh, the monthly bill impact will be \$16.94.

**BACKGROUND**

On June 30, 2025, the Company filed a Petition (Petition) for approval to increase rates. The Company's Interim Rate Increase is consistent with the requested increase, with several changes noted below. The effect of the Company's proposed change in rates, if approved, would be an annual incremental increase in total electric revenues of approximately \$43.6 million, or approximately 15.0 percent. The Company's Petition also requests to move recovery of \$19.8 million of costs of certain capital projects, currently being paid by customers through the Infrastructure Rider and the

Transmission Cost Recovery (TCR) Rider, from riders to base rates.

The Company's Petition also requested to transfer \$0.5 million of property tax expense currently refunded in the FCR to base rate recovery. Pursuant to the Commission's June 16, 2015 Order in Docket No. EL14-058, the Company currently includes a property tax adjustment in the Fuel Clause Rider (FCR) to reflect the difference between South Dakota property tax forecast in the calendar year and the amount reflected in base rates. To implement the transfer, the Company will increase the FCR property tax recovery to incorporate this transfer starting with the recovery of January 2026 property taxes, by reflecting the updated base rate property tax level in the calculation of the FCR property tax adjustment. The total \$64.0 million base rate increase requested in the Petition consists of \$43.6 million in incremental increase, \$20.9 in cost recovery transferred from the Infrastructure, DSM and TCR Riders, and \$0.5 million in refund transferred from the FCR.

The Company's Interim Rate Increase includes the increases noted above with a reduction of approximately \$450,000 to remove the known and measurable adjustments for Sherco Storage and Envis Switching Station, adjust the calculation of the Company's Transmission, Distribution & General Depreciation Study (TD&G Study), and the associated secondary calculations. Also, we are not rolling the \$1.1 million DSM Rider into Interim Rate Increase like we proposed in the Petition. With these changes, the total Interim Rate Increase is \$62.4 million.

S.D. Codified Laws § 49-34A-17 provides that a public utility may implement its proposed rate or practice if: 1) the proposed rate or practice has not been suspended or is no longer subject to suspension; 2) the Commission has not issued a final decision; and 3) 30 days has passed from the date of filing. In this case, the Company's proposed rate was requested to be effective January 1, 2026, and no final decision by the Commission on the Company's proposed rate increase is anticipated to be entered prior to December 31, 2025. Additionally, more than 30 days have passed from the date of the Company's initial filing on June 30, 2025. Accordingly, the Company intends to implement its Interim Rate Increase effective January 1, 2026.

## **DESCRIPTION OF INTERIM RATES**

### **A. Rate Design**

The Company will apply the Interim Rate Increase to the base rate components of

customer's bills beginning with service provided as of January 1, 2026. Interim rates are necessary because the Company is currently experiencing the increased cost of service reflected in the Company's June 30, 2025 filing in this Docket. Without interim rate relief, the Company would be unable to recover the increased cost of providing service to its customers.

S.D. Codified Laws § 49-34A-17 states that if a utility implements the proposed rate or a rate lower than the proposed rate, the utility shall use the same rate design currently in effect or the rate design the utility proposed when the petition for increased rates was filed. The Company has selected the option of implementing the Interim Rate Increase using the same rate design currently in effect rather than its proposed rate design. Implementing the Interim Rate Increase using a uniform percentage increase to current base rates will ensure that the interim rate design is based on a rate design that has received the express approval of the Commission. This method is consistent with our implementation of interim rates in prior rate proceedings in Docket Nos. EL22-017, EL14-058, and EL12-046.

## **B. Interim Rate Increase**

The Interim Rate Increase sets forth an annual increase in base rate electric revenues of approximately \$62.4 million, which includes the transfer of approximately \$19.3 million from certain cost recovery riders and the fuel clause to base rates. The Interim Rate Increase was determined using our original 2024 Pro Forma Test Year revenue requirement as provided in our June 30, 2025 filing, with adjustments to remove the Sherco Storage and Envis Switching Station known and measurable adjustments, an adjustment to the calculation of the Company's TD&G Study, and associated secondary calculations included in the June 30, 2025 initial filing. Also, we are not rolling the \$1.1 million DSM Rider into Interim Rate Increase like we proposed in the Petition. In this case, we do not believe there are any other circumstances that would warrant any material adjustments at this time.

Overall, our proposed interim rates are an incremental revenue deficiency of \$43.1 million, or about 14.88 percent. Using the existing rate design, we will implement our proposed rate increase request as interim rates as allowed by law. This interim rate adjustment will be uniformly billed as a 29.19 percent increase on the base rate portion of customers' bills (exclusive of fuel costs and certain cost recovery rate riders).<sup>1</sup> We provide a comparison of the rate base and income statement changes included in interim rates as compared with our June 30, 2025 initial filing in this Docket as

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<sup>1</sup> The Fuel Clause Rider, Transmission Cost Recovery Rider, Infrastructure Rider, and other rate components that are excluded from the Interim Rate Adjustment are shown in Attachment 5.

Attachments 1 and 2. A Cost of Service Interim Model is included as Attachment 3. Attachment 4 includes the interim rate revenue impacts by rate schedule.

The difference between the overall interim deficiency of 14.88 percent and the interim rate adjustment of 29.19 percent is primarily due to the application of the interim increase to base rates only and not fuel costs, which have been unbundled from base rates and are shown separately as a line item on customers' bills. Additionally, there is a \$19.8 million transfer from rider recovery to base rates and a \$0.5 million transfer from the fuel clause to base rates not currently reflected in present rates, and the Interim Rate Increase is not applied to all rate riders. Because the Interim Rate Increase will not apply to fuel costs or certain rate riders, a higher interim rate percent increase is required to collect the interim revenue deficiency. Please see page 1 of Attachment 4 to see how the percentages were calculated.

Consistent with our application of interim rates in Docket No. EL22-017, the interim rate adjustment is applied to only the base portions of customer bills. Attachment 5 lists those charges to which the interim rate increase applies and lists those rate riders to which the interim rate increase does not apply. Attachment 6 shows the tariff pages to which the interim rate adjustment will apply in both legislative (red-line) and final form.

## **REFUNDS**

The Interim Rate Increase will be subject to refund, pending final Commission determination in Docket No. EL25-024. South Dakota Codified Laws § 49-34A-17 provides, in part, as follows:

In the case of a proposed increased rate, the commission may, by order, require the public utility to keep an accurate account in detail of all amounts received by reason of increase, specifying by whom and in whose behalf the amounts are paid. Upon completion of the hearings and decision, the commission may by further order require the public utility to refund, with interest, to customers, the portion of the increased rates found to be unjust, unreasonable, or discriminatory. The refund shall be carried out as provided in South Dakota Codified Laws Sections 49-34A-22 and 49-34A-23.

The Company will track the individual customer billing impacts during this interim rate period in the event that the Commission approves an increase less than the Company's Interim Rate Increase. Further, the Company commits to refunding customers, with interest, interim rate amounts collected greater than the level

approved by the Commission in its final order in this case.

### **CUSTOMER NOTICE**

In addition to the notice the Company provided our customers regarding our June 30, 2025 Application for a rate increase, we will provide notice to our customers of our Interim Rate Increase as follows:

- a. Notice will be given to the public by posting a copy of this *Notice Of Intent To Implement Interim Rates* in a prominent location at its local customer service center in Sioux Falls for at least thirty (30) days prior to the rates taking effect;
- b. Notice will be given to the public by early December 2025 by publishing a copy of this *Notice Of Intent To Implement Interim Rates* on Xcel Energy's website [www.xcelenergy.com](http://www.xcelenergy.com); and
- c. Notice will be given to customers by a bill message and/or bill onsert.

### **CONCLUSION**

For the foregoing reasons, the Company respectfully informs the Commission of its intent to implement an Interim Rate Increase of \$62.4 million, including \$19.8 million of costs moving from riders to base rates and \$0.5 million of refunds moving from the fuel clause to base rates, resulting in an incremental increase of \$43.1 million or approximately 14.88 percent for service on and after January 1, 2026, using our current rate design, pursuant to S.D. Codified Laws § 49-34A-17, and until final rates are implemented following the Commission's final determination in this proceeding.

The Company agrees that placing interim rates into effect will not affect the Commission's authority to order a refund of the Interim Rate Increase pursuant to S.D. Codified Laws §§ 49-34A-17, 49-34A-22, and 49-34A-23, in the event the Commission order establishing final rates determines that a lower rate increase is appropriate.

Dated: December 1, 2025

Respectfully submitted,

/s/

AMY LIBERKOWSKI

REGIONAL VICE PRESIDENT, REGULATORY AND PRICING