

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

IN THE MATTER OF THE)	SETTLEMENT
APPLICATION OF NORTHERN STATES)	STIPULATION
POWER COMPANY DBA XCEL)	
ENERGY FOR AUTHORITY TO)	EL25-024
INCREASE ITS ELECTRIC RATES)	

I. SETTLEMENT STIPULATION

On June 30, 2025, Northern States Power Company doing business as Xcel Energy (Xcel Energy or Company) filed with the Public Utilities Commission (Commission) an application for approval to increase rates for electric service to customers in its South Dakota service territory by a net annual incremental increase of approximately \$43.6 million annually or approximately 15.0% based on the Company’s 2024 historic test year adjusted for known and measurable changes. Under the requested increase, a residential electric customer using 756 kWh per month would have seen an increase of 18.66%, or \$20.56 per month. The proposed rates would have affected approximately 107,000 customers in Xcel Energy’s South Dakota service territory.

Commission Staff and Xcel Energy (the Parties) held several negotiating sessions in an effort to arrive at a jointly acceptable resolution of this matter. Staff and Xcel Energy then sought the concurrence of intervenor Steven Wegman (in a separately filed concurrence). As a result of those negotiations, the Parties have resolved all issues in this proceeding and have entered into this Settlement Stipulation (Stipulation), which, if accepted and ordered by the Commission, will determine the rates that result from this proceeding.

II. PURPOSE

This Stipulation has been prepared and executed by the Parties for the sole purpose of resolving Docket No. EL25-024. The Parties acknowledge that they may have differing views and reasons to support and justify the end result of the Stipulation, but each Party deems the end result to be just and reasonable. In light of such differences, the Parties agree that the resolution of any single issue, whether express or implied by the Stipulation, should not be viewed as precedent setting. In consideration of the mutual promises hereinafter set forth, the Parties agree as follows:

1. Upon execution of this Stipulation, the Parties shall immediately file this Stipulation with the Commission together with a joint motion requesting that the Commission issue an order approving this Stipulation in its entirety without condition or modification.

2. This Stipulation includes all terms of settlement. The Stipulation is filed conditioned on the understanding that, in the event the Commission imposes any changes in or conditions to this Stipulation, this Stipulation may, at the option of any Party, be withdrawn and shall not constitute any part of the record in this proceeding or any other proceeding nor be used for any other purpose in this case or in any other.

3. This Stipulation shall become binding on the Parties upon execution by the Parties, provided however, if this Stipulation is withdrawn in accordance with Paragraph 2 above, it shall be null, void, and inadmissible in this case or in any other case. This Stipulation is intended to relate only to the specific matters referred to herein; no Party waives any claim or right which it may otherwise have with respect to any matter not expressly provided for herein; no Party shall be deemed to have approved, accepted, agreed or consented to any ratemaking principle, or any method of cost of service determination,

or any method of cost allocation underlying the provisions of this Stipulation, nor be advantaged or prejudiced or bound thereby in any other current or future proceeding before the Commission. No Party nor representative thereof shall directly or indirectly refer to this Stipulation or that part of any order of the Commission as precedent in any other current or future rate proceeding or any other proceeding before the Commission.

4. The Parties to this proceeding stipulate that all pre-filed testimony, exhibits, and workpapers be made a part of the record in this proceeding. The Parties understand that if the issues settled in this matter had not been settled, the procedural schedule would have continued, Commission Staff and Mr. Wegman would have formalized their positions in testimony and Xcel Energy would have filed rebuttal testimony; Commission Staff and Mr. Wegman would have responded to certain of the positions contained in Xcel Energy's rebuttal testimony, and an evidentiary hearing would have been conducted where the witnesses providing testimony would have been subject to direct and cross-examination.

5. It is understood that Commission Staff enters into this Stipulation for the benefit of Xcel Energy's South Dakota customers affected by this docket.

III. ELEMENTS OF THE STIPULATION

1. Revenue Requirement

The Parties agree that Xcel Energy's rate schedules attached as Exhibit A are designed to produce an ongoing annual increase in base rates to recover a base revenue deficiency of approximately \$44.913 million or a net revenue deficiency of approximately \$25.601 million, including gross receipts taxes, or approximately 8.9% annually (or 9.5% when existing rider revenue is taken into account) for retail electric service sales in South Dakota. The Parties agree to a 7.01% rate of return on rate base.

2. Revenue Apportionment, Rate Design, and Tariff Modification

The Parties agree that the final revenue requirement will be allocated to the affected rate classes with the resulting increases as shown on attached Exhibit B. The Parties agree to a uniform Residential Customer Charge of \$10.00 per month. Additionally, the Parties agree to the addition of the performance factor calculation definition and formula to the Peak Controlled Service tariff sheets 5-33 and 5-35, with no modifications to how the calculation is performed.

3. Resource Additions and Retirements

The Parties agree that the resource additions, retirements, and depreciation lives and rates presented in this rate case will be the ones proposed by Xcel Energy except as follows:

a. *Sherco Units 1, 2, and 3 and King*

As explained in its rate case filing, Xcel Energy has retired Unit 2 of the Sherburne County Generating Station (Sherco 2) and plans to retire Unit 1 (Sherco 1) in 2026 and Unit 3 (Sherco 3) in 2030. Xcel Energy also plans on retiring the Allen S. King Generating Station (King) in 2028. Xcel Energy proposed that the depreciation for Sherco 1, Sherco 3, and King be adjusted based on remaining lives consistent with those planned retirements. For the purposes of settlement, the Parties have agreed to a compromise under which Xcel Energy's depreciation for Sherco 1 and King will be adjusted as it proposed; however, its revenue requirement will also be reduced consistent with Staff's determination that the closure of certain units has an adverse economic impact on Xcel Energy's South Dakota customers. Depreciation rates for Sherco 3 will remain unchanged consistent with the terms of this stipulation. The Parties agree that the provisions in this Stipulation related to Sherco

1 and Sherco 2 shall only apply through December 31, 2030 and resolves all past and future issues related to the retirements of Sherco 1 and Sherco 2.

The Parties disagree with regard to the prudence of the retirements of the Sherco units, but agree to this financial outcome as a part of the overall compromise to settle this matter. Based on Staff's analysis of the impact of the closure of Sherco 2, the Parties agree to a \$2.3 million reduction in the Company's test year revenue requirement which is reflected in the agreed-upon amount provided for in Section III.1 above. The reduction related to Sherco 2 shall only apply through December 31, 2030. The Parties also agree that, in the future, there will be an additional annual reduction to revenue requirement based on Xcel Energy's planned retirement of Sherco 1, but such reduction will not come into force until Xcel Energy seeks cost recovery for a future capacity resource in the Infrastructure Rider. The amount of the total Sherco 1 reduction will be determined in connection with such a future filing. The total Sherco 1 reduction amount may be adjusted by forgone revenue related to the deferred recovery of the costs of new capacity resources, if any. The reduction will only apply to rates prospectively. The Parties reserve their rights to take the positions they deem appropriate regarding the amount of the forthcoming reduction.

As Sherco 3 is not scheduled for retirement until 2030, the Parties reserve their rights and positions with respect to whether any adjustment to revenue requirement may be warranted in the future and, if so, the amount of such an adjustment. This Stipulation takes no position with respect to the prudence of the Company's proposed retirement of Sherco Unit 3 in 2030 and the Company may seek to recover any stranded costs related to

the retirement of Sherco Unit 3 in a future proceeding with no prejudice to the determination of such request.

With respect to King, Staff has determined that, in light of the vintage and condition of the facility, the planned retirement is reasonably prudent, and so the Parties have agreed that the depreciation rate for King will be set at a 2028 end-of-life and there shall be no future adjustment to revenue requirement based on the planned King retirement.

b. *New Generation Resources*

In light of the resolution of the issues in Paragraph a, above, the Parties agree to the addition of all the new generation resources proposed by Xcel Energy (Sherco Solar 1, 2,3; the Manitoba Hydro PPA; and the Cannon Falls PPA), including proposed depreciation lives and rates. With respect to Sherco Solar resources, the Parties recognize that 2024 and 2025 cost recovery was removed from the Infrastructure Rider subject to the outcome of this proceeding. The Parties agree that the Infrastructure Rider will be updated as a result of this rate case for Xcel Energy to recover the deferred 2024 and 2025 cost recovery for Sherco Solar 1 and 2. The Infrastructure Rider rates including recovery of these costs will be determined in Docket EL25-033.

4. Credit Card Payment Fee

Xcel Energy proposed to cease charging individual customers who choose to pay their bills using credit cards and instead to socialize costs in rates. The Parties agree that (1) this amount was removed from the revenue requirement agreed to in Section III.1 above and, (2) that Xcel Energy shall continue to charge individual South Dakota customers who choose to pay their electric bills via credit card the associated fee. This agreement is without

prejudice to Xcel Energy's right to seek to socialize costs and recover them in rates in a future rate case proceeding.

5. Change in Late Payment Amount

The Parties agree to an increase in the rate charged for late payments from 1 percent to 1.5 percent as reflected in the tariff pages attached in Exhibit A.

6. Rate Case Expense Amortization

The Parties agree that recovery of the deferred and amortized actual rate case expenses from the prior rate case has been completed. The expenses for this current rate case in the amount of \$719,713 will be amortized and recovered over three (3) years. The Parties agree that the average unamortized balance of \$359,857 will be included as a component of other rate base.

7. Annual Incentive Program (AIP)

The Parties agree that the \$1,131,143 of AIP costs proposed in this case by the Company will be included in the revenue requirement agreed to in Section III.1 above subject to the following refund provisions: If, in the aggregate across all completed plan years between the effective date of rates in this proceeding and the effective date of rates in the Company's next general rate case, the Company does not pay AIP costs equal to the amount included in the revenue requirement for such plan years, the difference between the aggregate amount of AIP included in the revenue requirement and the aggregate amount of AIP actually paid shall be refunded to customers in the next rate case.

8. Prairie Island Indian Community Deferral

Xcel Energy proposed to include in test year rates both test year payments made to the Prairie Island Indian Community (PIIC) and amortization of prior year PIIC payments. For purposes of settlement, all such costs related to the PIIC payments, in the cost of service and the existing regulatory asset, are excluded from the revenue requirement provided for in Section III.1 above.

9. Nuclear Decommissioning Trust Expense

The Parties agree that the test year Nuclear Decommissioning Trust expense shall be as proposed by the Company, except that amounts based on projected future payments to PIIC shall be removed. This removal is reflected in the revenue requirement provided for in Section III.1 above.

The Parties agree that the Company may seek recovery of all costs for decommissioning not otherwise recovered from ratepayers in a future rate case or other proceeding.

10. Infrastructure Rider

The Parties agree that Xcel Energy may propose to include in the infrastructure rider projects, excluding blanket projects, with an annual South Dakota revenue requirement of at least \$100,000 and that do not produce offsetting cost savings and that are not required for the provision of service to new customers or increased load for existing customers. The prior threshold, established in the Stipulation that resolved Xcel Energy's last rate case, was \$250,000.

11. Rate Moratorium

The Parties agree that if the Commission adopts this Stipulation without condition or modification, the Company shall not file any petition to increase base rates for electric

service with rates proposed to be in effect prior to January 1, 2029. The Parties agree that this rate moratorium does not apply to any rider or other adjustment, including, but not limited to, the transmission cost recovery rider, environmental cost recovery rider, infrastructure rider, fuel cost adjustment, and demand side management cost adjustment factor. Further, the Company may seek deferred accounting or other extraordinary accounting treatment or rate relief in the event circumstances outside of its control occur during the moratorium.

12. Implementation of Rates

The revised rate schedules shall be implemented with service rendered on July 1, 2026, with bills prorated so that usage prior to that date is billed at the interim rate and usage on and after that date is billed at the new rates. The revised rate schedules are attached as Exhibit A.

13. Interim Rate Refund

Interim rates were implemented on January 1, 2026. Approval of this Stipulation will authorize a rate increase less than the interim rate level in effect. The Company agrees to refund customers a portion of the interim rates collected during the period between January 1 through June 30, 2026 when the new rates provided for in this Stipulation begin. In addition to the refund based on the difference between interim rates and the rate increase resulting from this Stipulation, an additional sum of \$1,552,000 shall also be included in the overall amount of the refund. The Interim Refund Plan is described and included in Exhibit C.

14. Customer Notice

Customers will be notified of the change in rates through a bill onsert provided with the first month of bills to which new rates apply. The bill onsert is provided in Exhibit D.

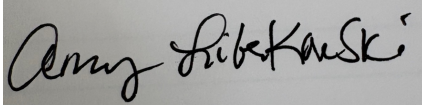
This Stipulation is entered into this 24th day of April, 2026.

Northern States Power Co.

SD Public Utilities Commission Staff

d/b/a Xcel Energy

BY:



Amy Liberowski
Regional Vice President,
Regulatory and Pricing
Northern States Power Company
414 Nicollet Mall, 401- 7th Floor
Minneapolis, MN 55401

Logan Schaeffbauer
Staff Attorney
SD Public Utilities Commission
500 E. Capitol Avenue
Pierre, SD 57501

DATED: 4/24/26

DATED: 04/24/2026