



500 West Russell Street
Sioux Falls, SD 57104

June 30, 2025

—VIA ELECTRONIC FILING AND UPS—

Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

RE: APPLICATION OF NORTHERN STATES POWER COMPANY FOR AUTHORITY TO
INCREASE RATES FOR ELECTRIC SERVICE IN SOUTH DAKOTA
DOCKET NO. EL25-___

Dear Ms. Van Gerpen:

Northern States Power Company, doing business as Xcel Energy, submits the enclosed Application to the South Dakota Public Utilities Commission (Commission) for authority to increase rates for electric service in South Dakota (Application) pursuant to Chapter 20:10:13 of the South Dakota Administrative Rules.

The Applicant's legal name is Northern States Power Company, d/b/a Xcel Energy, with its principal place of business in Minneapolis, Minnesota (NSPM or the Company). NSPM is a corporation organized in 2000 under the laws of Minnesota and is a wholly owned operating utility subsidiary of Xcel Energy Inc. (Xcel Energy or XEI). NSPM provides retail electric service in South Dakota, North Dakota, and Minnesota, and retail natural gas service in Minnesota and North Dakota.

The rate and tariff changes proposed in the Notice of Change in Rates and Application would result in a net annual incremental increase in revenues of \$43.6 million, or about 15.0 percent. This would affect Xcel Energy's approximately 107,000 electricity customers in South Dakota. In addition, the Company currently recovers the costs of certain projects through the Infrastructure Rider and the Transmission Cost Recovery (TCR) Rider, which will be rolled into base rates resulting in a gross overall base rate increase of \$63.4 million. The revenue

deficiency includes \$25.6 million in known and measurable capital project changes occurring in 2025 and 2026 that, if the Commission prefers, could be recovered through the existing TCR Rider and Infrastructure Rider rather than base rates.

Consistent with our Commission approved Settlement Stipulation in the last rate case (Docket No. EL22-017), we propose that the base rate and tariff changes become effective on and after January 1, 2026; the prohibition on base rate increases prior to January 1, 2026 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.”

The test year for the proposed increase is based on calendar year 2024 actual data, with known and measurable changes for calendar years 2025 and 2026, and other appropriate adjustments.

The critical drivers for the need to increase electric rates in South Dakota are investments in our distribution grid, including new meters and additions made in response to growth in the Sioux Falls area; investments in our generation fleet; general and intangible capital investments such as service center projects and information technology acquisitions; and investments in transmission lines. These investments allow us to serve growing customer demands, will improve the reliability and resilience of our system, and contribute to a diverse mix of generation that benefits our customers.

The Application, which consists of the following four volumes, has been e-filed and, in addition, two (2) copies of the following have also been filed with the Commission:

- Volume 1 – Rate Application
 - Transmittal Letter
 - Notice of Change in Rates
 - Attestation by Chief Accounting Officer
 - Public Rate Increase Notice
 - Required Statements A through R

Volume 2 – Testimony and Supporting Schedules and Tariffs

| Witness | Testimony |
|------------------------|--|
| Allen D. Krug | Policy |
| Laurie J. Wold | Overall Revenue Requirements, Rate Base, and Income Statement |
| Joshua C. Nowak | Return on Equity |
| Bixuan Sun | Resource Prudence |
| Brandon T. Cramer | Distribution |
| Michele A. Kietzman | Capital Investments, Depreciation, and Nuclear Decommissioning |
| Christopher J. Barthol | CCOSS |
| Nicholas N. Paluck | Rate Design Report of Tariff Changes |

Volume 3 – Workpapers

Volume 4 – Lead Lag Study, Cost Assignment & Allocation Manual, and Interchange Agreement

The Company certifies we will notify customers of the proposed increase in compliance with ARSD § 20:10:13:17 through 19. The Public Rate Increase Notice, attached to this Transmittal Letter, will be posted in a conspicuous place at the Xcel Energy local customer service center in Sioux Falls for at least thirty (30) days prior to the January 1, 2026 date the change in rates is to become effective. We will post the Application, Testimony, and Supporting Documentation on our website as well as include the Public Rate Increase Notice in the form of an onsert to our South Dakota customers, advising them of our Application with the customers' August billing statements; notice to small qualifying facilities, as defined under 18 C.F.R. § 292.101, will be similarly provided consistent with ARSD § 20:10:13:19.

In accordance with ARSD § 20:10:01:39 through 42, Xcel Energy respectfully requests confidential treatment of certain information contained in this filing. In compliance with ARSD § 20:10:01:41, we have clearly marked each page containing confidential information as "CONFIDENTIAL" and submitted it in a separate sealed envelope along with this filing.

Pursuant to ARSD § 20:10:01:41, we provide the following information in support of our request:

- (1) We request confidential treatment of these listed documents in their entirety:

Volume 1 – Rate Application

Exhibit ____ (NSP-1), Schedule K-1

Exhibit ____ (NSP-1), Schedule K-3

Schedule K-1 is required to be included as part of the Application pursuant to ARSD § 20:10:13:89. Schedule K-1 contains working papers for the Company’s federal income taxes, and contains a complete reconciliation of the book net income with taxable net income as reported to the federal Internal Revenue Service for the most recent tax year and the three previous years.

Schedule K-3 is required to be included as part of the Application pursuant to ARSD § 20:10:13:91. The Company joins in the filing of a consolidated federal income tax return. Schedule K-3 contains working papers showing the net taxable income or loss for each company included in the consolidated tax return, along with consolidating adjustments. The Company treats this information as highly confidential information, and as financial information, not released to the public.

Volume 2 – Testimony

Bixuan Sun’s Direct Testimony, Schedule 9

Bixuan Sun’s Direct Testimony, Schedule 10

Schedule 9 and 10 provide the Midcontinent Independent System Operator (MISO) Y-2 Retirement Study, including analysis of the potential retirement of the King and Sherco Unit 3 Coal Plants in Schedule 9, and the Monticello Nuclear Plant, Prairie Island Nuclear Plant, and All Coal and Nuclear retirements, in Schedule 10. The Company treats this information as confidential information, and as security information, not released to the public.

And, for certain identified portions of these listed documents:

Volume 2 – Testimony

Brandon T. Cramer Direct Testimony
Table 2

The confidential information provided by Company witness Cramer is necessary to demonstrate the per-unit cost of service for transformers and includes sensitive information regarding pricing.

Bixuan Sun Direct Testimony
Pages 55, 57, 58, 59, and 63-64.

The confidential information provided by Company witness Sun includes bid price descriptions for Sherco Solar 3 (page 55); total anticipated production tax credit (PTC) values per Megawatt hour (MWh) for the first 10 years of Sherco Solar 1 and 2 (page 57); updated Levelized Cost of Energy (LCOE) estimates for Sherco Solar 1 and 2 (page 58); PTC values for the first 10 years of Sherco Solar 3 and projected LCOE (page 59); and costs associated with extending the Manitoba Hydro Power Purchase Agreement (pages 63-64).

Volume 3 – Workpapers

Section VIII K&M 1 – SD Elec Case K&M Capital Additions

Exhibit 1 and 3 provide confidential costs for the Sherco Storage project.

(2) We request these documents be treated as confidential forever.

(3) If you have questions regarding this request please contact:

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- (4) 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. The claim for confidential treatment is based on ARSD § 20:10:01:39(4) and (5), and SDCL § 1-27-30. The information contained within the referenced documents meets the definition of "trade secret" under SDCL § 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 SDCL § 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 noted documents qualify for confidential treatment because they contain proprietary business information which the Company does not disclose to the public.

Schedule K-1 provides a complete reconciliation of the Company's book net income with taxable net income. This information would provide actual and potential competitors with detailed information concerning the tax treatment of various income statement items that could provide competitors with an unfair competitive advantage.

Schedule K-3 provides the net taxable income or loss for each company in consolidation, some of whom are unregulated. This information would provide actual and potential competitors with information concerning the profitability of its various unregulated affiliates that could provide competitors with an unfair competitive advantage.

Schedule 9 of Company witness Sun's Direct Testimony is marked as "Non-Public" in its entirety and is provided with Critical Energy Infrastructure Information (CEII) redacted. Schedule 9 contains information regarding the MISO area grid, including specific information about the Xcel Energy and other transmission owner systems as it relates to the potential retirement of Xcel Energy's Allen S. King and Sherburne County Generating Plant (Sherco) Unit 3. While MISO has redacted all CEII from the report, Xcel Energy maintains that the balance of the information is "security information."

Schedule 10 of Company witness Sun's Direct Testimony is marked as "Non-Public" in its entirety and is provided with Critical Energy Infrastructure Information (CEII) redacted. Schedule 10 contains information regarding the MISO area grid, including specific information about the Xcel Energy and other transmission owner systems as it relates to the potential retirement of Xcel Energy's Monticello and Prairie Island Nuclear Plants, and all coal and nuclear. While MISO has redacted all CEII from the report, Xcel Energy maintains that the balance of the information is "security information."

The specific portions of Direct Testimony from Company witness Sun marked as "Non-Public" include confidential bid data, cost detail, commercial terms, and/or details of a project evaluation process that is proprietary and of material value to the Company. This information has independent economic value from not being generally known to, and not being readily ascertainable by, other parties who could obtain economic value from its disclosure or use. The disclosure of this information could adversely impact contract negotiations, potentially increasing costs for these services for our customers.

The Direct Testimony from Company witness Cramer includes sensitive pricing information marked as "Non-Public" that the Company takes efforts to protect from public disclosure, the disclosure of which would result in material damage to the Company's financial or competitive position, and which thus has independent economic and commercial value from not being generally known to, and not being readily ascertainable by other parties, particularly vendors of the equipment in question with whom the Company negotiates, who could obtain economic value from its disclosure or use.

Section VIII K&M 1 – SD Elec Case K&M Capital Additions includes non-public data that provides insight into confidential pricing information for an energy storage project. Disclosure of this information, which the vendor and the Company have made reasonable efforts to keep confidential, could be used by competitors to the vendor or potential purchasers to obtain competitive advantages in connection with energy storage acquisitions. In order to maintain the confidentiality of the information in question, the Company also redacted some surrounding data. If that were not done and only a single line redacted, the confidential information could have been ascertained using basic math.

We request that communications regarding this Application be directed to:

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SINCERELY,

/s/

STEVE T. KOLBECK
STATE DIRECTOR, SOUTH DAKOTA

Enclosures