

STATE OF SOUTH DAKOTA  
BEFORE THE  
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE PETITION OF  
NORTHERN STATES POWER COMPANY  
FOR APPROVAL OF 2026 TRANSMISSION  
COST RECOVERY ELIGIBILITY AND THE  
RATE RIDER ADJUSTMENT FACTOR

DOCKET NO. EL25-\_\_\_\_

**PETITION  
FOR TRANSMISSION  
COST RECOVERY**

**OVERVIEW**

Northern States Power Company, doing business as Xcel Energy submits to the South Dakota Public Utilities Commission this Petition for approval of our Transmission Cost Recovery (TCR) Rider Tracker Account report for 2025, the 2026 TCR Rider revenue requirements, and the proposed TCR Adjustment Factor.

SDCL §§ 49-34A Sections 25.1 through 25.4 authorizes the Commission to approve a tariff mechanism for the automatic annual adjustment of charges for a public utility to recover the South Dakota jurisdictional portion of eligible investments and expenses related to new or modified transmission facilities, including associated facilities such as substations and transformers (TCR Statutes).

We note that the Company recently filed an electric rate case with the Commission in Docket No. EL25-024. In that case, we proposed continuing use of the TCR Rider for recovery of costs for one capital project with phased in-servicing – Eau Claire 345kV – as well as ongoing and future transmission projects and MISO RECB Schedule 26 and 26A net revenues. In this filing, we reflect our proposal to move projects that are currently in the rider that were placed in service as of December 31, 2024 into base rates. Additionally, this TCR Rider Petition includes four other projects that have in-serviced portions, 30 projects that have in-service dates beyond December 31, 2024, the MISO RECB revenues and expenses, and two new projects. Costs related to in-service projects will be moved to base rates effective January 1, 2026 and have been excluded from the 2026 TCR rate.

Pursuant to the above-referenced statute, we specifically request Commission approval of the following:

- Eligibility of two new projects;
- 2026 TCR revenue requirements of \$3,299,886

- A TCR Adjustment Factor of \$0.001422 per kWh to be implemented on January 1, 2026;
- The 2025 TCR Tracker Report for approved transmission project investments;
- Proposed revisions to the TCR Rider tariff sheet; and
- The proposed customer notice.

If approved as proposed, the average bill impact for a residential customer using 750 kWh per month would be \$1.07 per month. This is an increase of \$0.74 per month from the current TCR Adjustment Factor. Based on the information provided in this Petition and the merits of the projects for which the Company requests recovery pursuant to the TCR Statutes, Xcel Energy respectfully requests Commission approval of these projects for TCR recovery, and the revenue requirements associated with these projects.

## **I. REQUIRED INFORMATION**

This Petition sets forth information specified in SDCL § 49-34A Sections 25.1 through 25.4 and ARSD 20:10:13:26 regarding the proposed TCR Adjustment Factor and tariff.

### **(1) Name and Address of the Public Utility**

Northern States Power Company  
500 West Russell Street  
Sioux Falls, SD 57104  
(605) 339-8303

### **(2) Section and Sheet Number of Tariff Schedule**

We propose to revise tariff sheet number 71 in Section 5 of the Northern States Power Company South Dakota Electric Rate Book. Attachment 16 depicts the proposed tariff sheet that would implement the revised TCR Adjustment Factor.

### **(3) Description of the Tariff Change**

This request revises the TCR Adjustment Factor shown as a separate line item on customer bills. The current TCR Adjustment Factor of \$0.000441 became effective on January 1, 2025. We propose the new 2026 TCR Adjustment Factor of \$0.001422 be effective on January 1, 2026.

#### **(4) Reason for the Requested Change**

The Company was initially authorized to establish the TCR Rider by the Commission's January 13, 2009 Order in Docket No. EL07-007. The Company continues to make significant investments in new transmission facilities in order to maintain system reliability, meet customer demand, and to transmit wind energy from South Dakota, North Dakota, and western Minnesota. The TCR Adjustment Factor has been updated annually since the mechanism was approved in 2009 to reflect new facilities. To ensure that customers are not under or overcharged, we record the actual revenues and costs in our tracker account and collect or return any differences during the next recovery period based on the estimated end-of-year balance in the tracker account.

This Petition includes costs for 2026 and the true-up amount from previous years. None of these costs are included in current base rates.

#### **(5) Present Rate**

The current rate for all customer classes is \$0.000441 per kWh, implemented on January 1, 2025 and approved in the Commission's November 20, 2024 Order in Docket No. EL24-030.

#### **(6) Proposed Rate**

##### **A. Proposed Tariff**

##### *i. Authority*

The following statutes establish Commission authority for considering and approving the revised TCR Adjustment Factor proposed in this Petition. The Company proposes a 2026 TCR Adjustment Factor for all customer classes of \$0.001422 per kWh. The TCR Adjustment Factor was calculated by dividing the forecasted balance of the TCR Tracker Account by the forecasted retail sales for the calendar year; it is rounded to the nearest \$0.000001 per kWh.

*SDCL § 49-34A-25.1 - Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism for the automatic annual adjustment of charges for the jurisdictional costs of new transmission facilities with a design capacity of thirty-four and one-half kilovolts or more and which are more than five miles in length. For the purposes of §§ 49-34A-25.1 to 49-34A-25.4, inclusive, electric transmission*

*facilities and electric transmission lines covered by this section include associated facilities such as substations and transformers.*

*SDCL § 49-34A-25.2 - Upon filing of an application consistent with rules promulgated by the commission by any public utility providing transmission service, the commission may approve, reject, or modify, after notice, hearing, and comment, a tariff that:*

*(1) Allows the public utility to recover on a timely basis the costs net of revenues of facilities described in § 49-34A-25.1.*

The Company proposes to recover through the TCR Rider the jurisdictional annual revenue requirements associated with transmission projects that are determined by the Commission to be eligible for recovery under SDCL § 49-34A-25.1.

We have calculated our revenue requirement consistent with the methodology initially approved by the Commission in Docket No. EL12-035 and in all subsequent TCR Rider proceedings, most recently in Docket No. EL24-030. The 2026 overall rate of return is based on the Company's forecasted capital structure—including long-term debt and equity balances as of December 31, 2025, and the 12-month average short-term debt balance as of December 31, 2025—and the return on equity (ROE) approved by the Commission in our last concluded electric rate case.<sup>1</sup>

*ii. Implementation*

Attachment 16 provides the proposed revised tariff sheet to implement the proposed TCR Adjustment Factor based on forecasted costs for the 2026 calendar year. As required by the Commission, for each 12-month period ending December 31, a true-up adjustment to the Tracker Account will be calculated reflecting the difference between the TCR Rider recoveries from customers and the actual revenue requirements for the period.

**B. Eligible Transmission Projects**

*i. Summary*

The Company seeks TCR Rider eligibility determination for the following two projects:

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<sup>1</sup> Docket No. EL22-017.

- Minnesota Energy Connection (Sherco to Lyons County)
- Line 0986/0987 Major Line Rebuild Double Circuit

Table 1 below lists the projects previously approved for TCR Rider recovery and reaffirmed for inclusion most recently in Docket No. EL24-030. We have noted the projects that were placed in-service by the end of 2024, which we propose to move from TCR Rider recovery to base rate recovery on January 1, 2026, in our currently pending electric rate case.

**Table 1**  
**Dockets in which Projects were Approved**

<b>Docket</b>	<b>Project</b>
<b>EL19-032</b>	<ul style="list-style-type: none"> <li>• Eau Claire 345 kV Upgrade**</li> </ul>
<b>EL20-025</b>	<ul style="list-style-type: none"> <li>• Line 0795 Rebuild: Freeport to West St. Cloud</li> <li>• Canisota Junction to Salem Rebuild**</li> <li>• Long Lake to Baytown*</li> </ul>
<b>EL21-025</b>	<ul style="list-style-type: none"> <li>• Bayfield Loop*</li> <li>• Line 0723 Rebuild: Bird Island to Atwater** <ul style="list-style-type: none"> <li>○ Bird Island to Lake Lillian</li> <li>○ Cosmos to Lake Lillian</li> </ul> </li> <li>• Line 0761 Rebuild: Lake City to Zumbrota*</li> <li>• Line 0790 Rebuild: Dassel to Delano* <ul style="list-style-type: none"> <li>○ Dassel to Cokato</li> </ul> </li> <li>• Line 0794 Rebuild: Black Oak to Douglas County*</li> <li>• Line 0795 Rebuild: Freeport to West St. Cloud <ul style="list-style-type: none"> <li>○ Avon to Brockway Tap*</li> <li>○ St. John's to Watab River</li> </ul> </li> <li>• Line 5401 Rebuild: Maple Lake to Wakefield*</li> </ul>
<b>EL22-022</b>	<ul style="list-style-type: none"> <li>• Huntley-South Bend 161 kV Rebuild</li> <li>• Line 0714 Rebuild: Watonwan to Madelia</li> <li>• Line 0717/0771 Thru Flow Mitigation</li> <li>• Line 0726 Rebuild: Pipestone to Rock River to Woodstock**</li> <li>• Line 0741 Rebuild: Big Swan to Atwater</li> <li>• Line 0749 Rebuild: Waseca to ITC Tap</li> <li>• Line 0754 Rebuild: Linn Street to Becker*</li> <li>• Line 0782 Rebuild: Westgate to Gleason Lake</li> <li>• Line 0795 Rebuild: Freeport to West St. Cloud New Segments in 2023*</li> <li>• Line 0859 Rebuild: Inver Hills to Chemolite</li> </ul>

<b>EL23-026</b>	<ul style="list-style-type: none"> <li>• Brookings Second Circuit**</li> <li>• Line 0708 Rebuild: Eagle Lake to Waterville</li> <li>• Line 0736 Rebuild: Arden Hills to Lawrence Creek</li> <li>• Line 0822 Rebuild: Str 107 to Empire*</li> </ul>
<b>EL24-030</b>	<ul style="list-style-type: none"> <li>• Line 0732 Rebuild: Black Oak to Elrosa</li> <li>• Line 0982 Rebuild: Crandall to Lake Crystal</li> <li>• MISO LRTP2 Alexandria to Big Oaks</li> <li>• MISO LRTP4 Wilmarth to North Rochester to Tremval</li> <li>• MISO LRTP5 Tremval to Eau Claire to Jump River</li> <li>• MISO LRTP6 Tremval to Rocky Run to Columbia</li> </ul>

\* denotes projects fully in service prior to end of 2024

\*\*denotes projects partially in-service prior to the end of 2024, where portions of the project will stay in the TCR Rider upon implementation of base rates

A complete list of projects is provided in Attachment 1, with a detailed description of the proposed new projects, as well as discussion of any notable updates to cost and in-service date information for previously approved projects. Each project's regulatory approval and construction timeline are provided in Attachment 2. Maps of the new projects are provided as Attachment 18.

In addition to these projects, we are also seeking recovery of Schedule 26 and 26A net revenues and expenses (also known as Regional Expansion Criteria and Benefits, or RECB costs), as provided for under the Midcontinent Independent System Operator, Inc. (MISO) Tariff and discussed later in this Petition.

## *ii. Supporting Information*

The TCR Statute requires that certain information be provided in support of this request. This required information is provided throughout this Petition and in the attached exhibits.

SDCL § 49-34A-25.3 states:

*A public utility may file annual rate adjustments to be applied to customer bills paid under the tariff approved pursuant to § 49-34A-25.2. In the utility's filing, the public utility shall provide:*

*(1) A description of and context for the facilities included for recovery.*

Attachment 1 contains the list of projects we believe to be eligible for recovery in the TCR Rider and for which we are requesting recovery.

*(2) A schedule for implementation of applicable projects.*

Attachment 2 contains an implementation schedule for each of the transmission projects identified in Attachment 1. We explain the reasons for any in-service date changes between our current projections and the projections in our last TCR filing in Attachment 1.

*(3) The public utility's costs for these projects.*

Attachment 3 provides the capital expenditure forecast for each project included in the TCR Rider. Actual capital expenditures are reported through June 2025 and forecast capital expenditures are reported through 2030. Attachment 12 shows the development of 2026 revenue requirements for each project for the South Dakota jurisdiction, based on the capital expenditures shown in Attachment 3.

Xcel Energy operates the transmission assets of Northern States Power Company – Minnesota (NSPM) and Northern States Power Company – Wisconsin (NSPW) as one transmission system. Pursuant to the terms of the Federal Energy Regulatory Commission (FERC) regulated *Restated Agreement to Coordinate Planning and Operations and Interchange Power and Energy between Northern States Power Company (Minnesota) and Northern States Power Company (Wisconsin)* (Interchange Agreement), all transmission costs are shared between NSPM and NSPW based on load ratio share using a FERC-approved 36-month coincident peak demand allocator. The NSPM portion is then further allocated to its respective state jurisdictions (South Dakota, North Dakota, and Minnesota) based on a similar 12-month coincident peak (CP) methodology. A composite allocator is derived for purposes of assigning the transmission revenue requirements to South Dakota, as shown on Attachment 11.

*(4) A description of the public utility's efforts to ensure the lowest reasonable costs to ratepayers for the project.*

The Company has made extensive efforts to ensure the lowest reasonable cost to ratepayers for the proposed TCR-eligible projects. First, Xcel Energy transmission planners analyze up to a dozen project alternatives for a given project. Each alternative is then evaluated based on performance, cost, and efficiency as measured by energy losses, and the enhancement of reliability to local consumers. Such analysis was performed for the projects included in this Petition for cost recovery. Second, where possible, Xcel Energy has competitively bid engineering, equipment procurement, and construction for the projects included in this Petition. Third, Xcel Energy has developed a standard design for collector stations, thereby minimizing design and engineering costs.

*(5) Calculations to establish that the rate adjustment is consistent with the terms of the tariff established in § 49-34A-25.2.*

Attachment 9 contains the calculation of the proposed 2026 TCR Adjustment Factor consistent with the terms of the TCR tariff proposed in Attachment 16. Attachment 13 demonstrates the revenue requirement model logic and aids in confirming the calculation is accurate.

*iii. MISO RECB Charges (MISO Schedule 26 and 26A)*

This Petition includes costs associated with RECB designated transmission projects. Xcel Energy incurs charges from MISO to pay for a portion of transmission investments of other electric utilities pursuant to Attachment FF of the MISO Open Access Transmission, Energy, and Operating Reserve Markets Tariff. Attachment FF specifies the cost allocation procedures for new transmission projects within the MISO footprint. Projects subject to RECB cost allocation are identified and selected through the MISO Transmission Expansion Plan (MTEP). Allocation and cost recovery methods for RECB projects are specified in detail in Attachment FF, Attachment GG, MM, Schedule 26 and Schedule 26A of the MISO Tariff. MISO's annual MTEP review process identifies those transmission projects that will be included in Appendix A to the MTEP and the appropriate cost-sharing mechanism is identified for each project.

The cost allocation methodology applied to RECB projects in this Petition conforms to the hybrid methodology approved by the Commission in the Settlement Stipulation in our TCR Rider Petition in Docket No. EL12-035 and reaffirmed in subsequent TCR dockets. The regional transmission projects Xcel Energy proposes for hybrid allocation are discussed below.

The net annual RECB expense (Attachment 15) increase between 2025 mixed actuals and forecast and the 2026 forecast is driven by the LRTP project revenue requirements starting in 2025.

*iv. Regional Transmission Projects Subject to Hybrid Method of Cost Allocation*

In accordance with the Commission's Orders in our TCR filings since 2012, the Company has used a hybrid, or split cost allocation method for regional transmission investments (those that qualify for regional cost allocation through MISO's tariff). The projects included in this Petition that are subject to hybrid allocation are LRTP2 - Alexandria to Big Oaks, LRTP4 - Wilmarth to North Rochester to Tremval, LRTP5 -



Tremval to Eau Claire to Jump River, and LRTP6 - Tremval to Rocky Run to Columbia. The percentage breakdown of the allocation split between state and FERC jurisdictions remains the same as reflected in past TCR filings. This hybrid methodology best facilitates cost allocation of investments to the jurisdiction, creating the need for the investment.

Under the hybrid method, the regionally shared project costs will be allocated on a percentage-of-responsibility basis. In addition, the regional transmission investments for which the Company is allocated MISO Schedule 26 and 26A charges will be allocated to the state jurisdiction. They will be included in the retail rate base for TCR recovery until they are rolled into base rates in a future rate case.

*v. Impact on TCR Rider of MISO Complaints at the FERC*

*a. Complaint Background*

The FERC has taken several actions related to the return on equity (ROE) that MISO transmission owners (TOs) charge for regionally shared facilities dating back to complaints initially filed in November 2013. We provide a description of the recently resolved and currently pending proceedings below. Future true-ups through the TCR Rider may be necessary as additional FERC decisions are finalized, and we will update the Commission on these issues in future TCR Rider petitions.

On August 9, 2022, the D.C. Circuit issued a decision on the appeals of FERC's Orders in the two MISO ROE complaint proceedings. The court held that it would vacate all of FERC's substantive orders on the ROE complaints, including FERC's 2016, 2018, 2019, and 2020 Orders, and remanded the proceedings back to FERC for further consideration.

*b. Action Since our Last TCR Petition*

On October 17, 2024, FERC issued an order on remand addressing the court's decision. In its order on remand, FERC reexamined the record and found that there was insufficient record evidence to support use of the Risk Premium model in calculating ROEs. FERC concluded that the ROE for the MISO TOs should be set at 9.98 percent, effective as of September 28, 2016, and directed refunds to be provided with interest from that effective date until the October 17 order, as well as for a 15-month refund period between November 12, 2013, and February 11, 2015. In response to requests for rehearing, FERC issued an order on March 25, 2025, that modified part of FERC's reasoning but continued to reach the same outcome regarding the ROE and refunds.

Petitions for review of FERC's order on remand were filed with the D.C. Circuit by various parties, including the MISO TOs. The MISO TOs are challenging FERC's decision that refunds should be ordered back to September 28, 2016, with interest. The opening brief of the MISO TOs was filed at the D.C. Circuit on August 14, 2025.

In the FERC Notice of Inquiry (NOI) proceeding regarding modifications to the ROE 50-basis point adder for ROE participation, FERC has received comments but has not yet issued any policy or rule modifications.

c. Impact of FERC Actions on the TCR

All ordered refunds to-date have been discussed and implemented in prior TCR proceedings.<sup>2</sup> In calculating the 2026 TCR revenue requirement, we applied the last-authorized 10.52 percent MISO ROE, which includes the RTO adder, for 2026 activity. However, future adjustments to the TCR Tracker may be necessary given the D.C. Circuit Court decision and the remand pending before FERC. We will keep the Commission informed of any additional outcomes in these proceedings.

**C. Tracker Account and Accounting**

The Company uses a Tracker Account as the accounting mechanism for eligible TCR project costs. The revenue requirements included in the Tracker are only those related to South Dakota's share of eligible projects. In making our calculations, the Company used the most current data available at the time of this filing and applied the composite demand allocator described previously, which serves to:

- Allocate a share of the total costs to NSPW.
- Exclude the portion of Company costs not related to serving South Dakota retail customers. This step allocates a share of costs to the North Dakota and Minnesota retail jurisdictions.

The result of this allocation process is that South Dakota electric customers are allocated approximately 5.9 percent of total transmission costs in both 2025 and 2026. Stronger sales and customer growth in South Dakota compared to North Dakota has continued, a trend which is forecasted to continue for the foreseeable future. By performing this cost allocation process, we ensure that electric customers in other

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<sup>2</sup> See the Company's August 30, 2024 TCR Rider Petition in Docket No. EL24-030 for past refund details.

jurisdictions are allocated a share of TCR revenue requirements, consistent with the Company's allocation of similar costs in a general rate case.

Each month as revenues are collected from retail customers, the Company tracks the amount of recovery under the TCR Adjustment Factor and compares that amount with the monthly revenue requirements. The difference is recorded in the Tracker Account as the amount of over- or under-recovery. The under-recovered amounts are recorded in FERC Account 182.3, Other Regulatory Assets, and the over-recovered amounts are recorded in FERC Account 254, Other Regulatory Liabilities (the Tracker Accounts). A carrying charge is calculated monthly on the over- or under-recovered balance and added to the tracker balance. Any over- or under-recovery balance at the end of the year is used in the calculation of the rate adjustment factor for the next year's forecasted revenue requirement.

#### **D. Project Cost Recovery**

##### *i. Summary*

The Cost Recovery and TCR Rate section provides support for the proposed 2026 TCR rate. This information is summarized as follows:

- The projected TCR Tracker Account activity for 2026, including both revenue requirements and projected revenues, is included in Attachment 7.
- The projected 2026 revenue requirement proposed to be recovered through the TCR Adjustment Factor from South Dakota electric customers is \$3,299,886. Support for this amount is included in Attachment 7. These calculations are discussed in detail below.
- Projected revenues are calculated by month as shown in Attachment 10 and are based on forecast of the 2026 State of South Dakota budget sales by calendar month.
- The development of the TCR Adjustment Factor is included in Attachment 9. The proposed TCR Adjustment Factor is shown below.

Included in the \$3,299,886 of revenue requirements is the 2025 TCR Tracker Report true-up under-collection balance of \$1,450,790.

ii. *Proposed 2026 TCR Adjustment Factor*

The Company's TCR rate design is the annual calculated revenue requirement (including the current year South Dakota jurisdictional project costs and the carryover balance from the previous year) divided by the total annual forecast energy sales to South Dakota retail customers from January through December 2026. This calculation is shown on Attachment 9, and the detailed annual forecast of energy sales is shown on Attachment 10.

Based on this rate design, we propose the following TCR Adjustment Factor:

**Table 2**  
**2026 Rate Factor Calculation**

Retail	
TCR Adjustment Factor per kWh	\$0.001422
SD Retail Sales (MWh) 2025	2,320,038
2026 Revenue Requirement	\$1,849,096
2025 Carry-Forward Balance	\$1,450,790
2026 Net SD Retail Cost	\$3,299,886

The average bill impact for a residential customer using 750 kWh per month is \$1.07 per month. This is an increase of \$0.74 per month from the current TCR Adjustment Factor.

iii. *2026 TCR Rider Revenue Requirements*

Attachment 7 sets forth the 2026 revenue requirement in support of the proposed TCR Adjustment Factor. SDCL § 49-34A-25.2 outlines the requirements for the calculation of the adjustment. Below is an explanation of how the Company applies these provisions.

*SDCL § 49-34A-25.2 (2) Allows a return on investment at the level approved in the public utility's last general rate case, unless a different return is found to be consistent with the public interest.*

Please see Section 6 (A)(i) above for the discussion of the overall cost of capital to be used in the TCR Rider revenue requirement calculations.

*SDLC § 49-34A-25.2 (3) Provides for a current return on construction work in progress, if the recovery from retail customers for the allowance for funds used during construction is not sought through any other mechanism.*

The Company's 2026 TCR revenue requirement model includes a current return on capital expenditures beginning with the cumulative Construction Work in Progress (CWIP) balance for each project at eligibility date, or the date construction expenditures begin after that date, whichever is sooner. The beginning CWIP balance includes Allowance for Funds Used During Construction (AFUDC) incurred prior to the project eligibility date. After that date, the South Dakota jurisdictional portion of costs does not include AFUDC and a current return is calculated on the CWIP balance.

*SDCL § 49-34A-25.2(4) Allocates project costs appropriately between wholesale and retail customers;*

Project costs are allocated to the State of South Dakota retail jurisdiction based on the demand allocator, excluding demands for NSPW as well as the Company's North Dakota and Minnesota demands. In addition, to ensure no double recovery occurs from Open Access Transmission Tariff (OATT) revenue collected from non-NSP native load customers, the Company will apply an OATT revenue credit calculated based on a forecast of OATT revenue collections divided by the transmission revenue requirements included in the OATT rate calculation for the Company's pricing zone under the MISO Transmission and Energy Markets Tariff (MISO TEMT). Attachment 14 provides details of the OATT credit factor for 2024 through 2026.

For purposes of calculating projected revenue requirements, the Company proposes to use 2026 forecast demand allocators. Any resulting over- or under-recovery from customers as a result of the use of the 2026 demand factors will be reflected in the true up of 2026 revenues when determining the 2028 TCR Adjustment Factor. These demand allocators are shown in Attachment 11.

In addition, consistent with the Commission's past TCR docket Orders, we include the following related costs: Accumulated Deferred Income Taxes (ADIT), current and deferred taxes, and book depreciation.

Consistent with the Commission's Order in Docket No. EL16-031, property taxes associated with these transmission projects have been removed from the TCR tracker and are instead collected through the Fuel Clause Rider, which is subject to an annual

property tax true-up in April. Attachment 12 shows the revenue requirement calculations for the proposed TCR projects.

#### **E. TCR Rider Interaction with Pending Electric Rate Case**

As discussed above in this Petition, the pending electric rate case impacts the TCR Rider calculations. We proposed in the rate case to move TCR Rider projects that were in service by the end of 2024 into base rates as of January 1, 2026. The TCR Rider tracker in Attachment 4 reflects this roll-in.

#### **(7) Proposed Effective Date of Modified Rate**

Consistent with the 30-day notice requirement set forth in SDCL § 49-34A-17, we propose to implement rates on January 1, 2026. If the Commission acts to suspend the proposed rates and our Petition has not been approved in time to implement rates on January 1, 2026, we propose to implement the rates the first billing cycle following Commission approval, or at the time the proposed rates are no longer subject to suspension.

#### **(8) Approximation of Annual Increase in Revenue**

Attachment 4 shows a summary of the TCR Tracker Account activity from 2024 through 2027. Attachments 5, 6, 7, and 8 provide detail for each year. When the Tracker Account balance from 2025 is combined with the revenue requirements from Attachment 7 for 2026, it results in a revenue requirement of \$3,299,886 for 2026. We have calculated this amount to be passed to customers from January through December 2026 through this tariff mechanism. Pending the timing of Commission approval, we will recalculate the TCR Adjustment Factor based on when we can implement the new rate. The proposed 2026 revenue requirement represents an increase of \$2,308,735 compared to the TCR Rider revenue requirements approved for 2025.

#### **(9) Points Affected**

The proposed TCR Adjustment Factor would be applicable to all areas served by Xcel Energy in South Dakota.

**(10) Estimation of the Number of Customers whose Cost of Service will be Affected and Annual Amounts of either Increases or Decreases, or both, in Cost of Service to those Customers**

This tariff rider is proposed to be applied to all customers throughout all customer classes as described within this Petition. Xcel Energy presently serves approximately 108,020 customers in 33 communities in eastern South Dakota.

**(11) Statement of Facts, Expert Opinions, Documents, and Exhibits to Support the Proposed Changes**

Supporting information is provided in narrative throughout this Petition and in the attached Exhibits.

## **II. PLANNED CUSTOMER NOTICE**

In accordance with ARSD 20:10:16:01(2), the Company plans to provide notice to customers comparing the prior rate and the new rate through a bill onsert. Attachment 17 includes the language we propose to be included with customers' bills the month the TCR Adjustment Factor is implemented, or as soon as is practicable after implementation of the TCR Adjustment Factor.

We will work with Commission Staff to determine if there are any suggestions to modify this bill onsert. To the extent that multiple new rider rates are implemented on the same date, we will coordinate the various rider customer notices.

## **III. CONFIDENTIAL INFORMATION**

Pursuant to ARSD 20:10:01:41, we provide the following support for our request to classify certain documentation as confidential trade secret data.

We request confidential treatment of Attachments 11, 12, and 13 pursuant to ARSD 20:10:01:41. The Company submits the following justification for confidential treatment of Attachments 11, 12, and 13.

**(1) An identification of the document and the general subject matter of the materials or the portions of the document for which confidentiality is being requested.**

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. Attachments 11, 12, and 13 contain financial information that is not available to the general public.

- (2) The length of time for which confidentiality is being requested and a request for handling at the end of that time. This does not preclude a later request to extend the period of confidential treatment.**

The Company requests that Attachments 11, 12, and 13 be recognized as trade secret data in perpetuity.

- (3) The name, address, and phone number of a person to be contacted regarding the confidentiality request.**

Steve T. Kolbeck  
Director of State Affairs and Business  
Relations, South Dakota  
Xcel Energy  
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(605) 339-8350  
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- (4) The statutory or common law grounds and any administrative rules under which confidentiality is requested. Failure to include all possible grounds for confidential treatment does not preclude the party from raising additional grounds in the future.**

The claim for confidential treatment is based on ARSD 20:10:01:39 (4) 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 factual basis that qualifies the information for confidentiality under the authority cited.**

The Company's cost of capital is trade secret consistent with the Settlement Stipulation and Commission Order in Docket No. EL22-017.

#### **IV. CONTACT INFORMATION**

We request that all communications regarding this proceeding, including data requests, be directed to:

Christine Schwartz  
Regulatory Administrator  
Xcel Energy  
414 Nicollet Mall, 401 – 7<sup>th</sup> Floor  
Minneapolis, MN 55401  
[Regulatory.Records@xcelenergy.com](mailto:Regulatory.Records@xcelenergy.com)

#### **CONCLUSION**

Xcel Energy respectfully requests that the Commission approve the proposed transmission projects eligible for recovery and approve the revised TCR Adjustment Factor for 2026 described in this filing. The Company appreciates the interest and efforts of South Dakota policymakers in supporting that effort.

Dated: August 29, 2025

Northern States Power Company