STATE OF SOUTH DAKOTA
BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF NORTHERN STATES POWER COMPANY FOR APPROVAL OF THE 2026 INFRASTRUCTURE RIDER ADJUSTMENT FACTOR	DOCKET NO. EL25-___ **INFRASTRUCTURE RIDER ANNUAL FILING AND UPDATE**

OVERVIEW

Northern States Power Company, doing business as Xcel Energy, submits to the South Dakota Public Utilities Commission this annual filing to update the Infrastructure Cost Recovery Rider, Adjustment Factor, and Tracker. The Company was initially authorized to establish the Infrastructure Rider by the Commission's April 18, 2013 Order in Docket No. EL12-046. The Infrastructure Rider was subsequently modified and approved in the electric rate case Settlement Stipulation in Docket No. EL14-058 by the Commission's June 16, 2015 Order. The Infrastructure Rider was further modified by the May 24, 2023 Settlement Stipulation in the Company's last electric rate case, Docket No. EL22-017, which was approved by the Commission's June 6, 2023 Order (2022 Settlement Stipulation). Additional modifications to the rider were agreed upon by parties in the March 31, 2025 Amended and Restated Settlement Stipulation in Docket No. EL22-017, amending the 2022 Settlement Stipulation and approved by the Commission's April 16, 2025 Order (2025 Amended Settlement Stipulation). This filing is submitted consistent with the 2022 Settlement Stipulation and Order and the 2025 Amended Settlement Stipulation and Order. As agreed to in the 2025 Amended Settlement Stipulation, the Company will file its Infrastructure Rider by October 1 of each year beginning in 2025 and will file a supplement in February to update the rate to include actual nuclear production tax credits (PTCs) prior to an expected implementation date of March 1.

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 Infrastructure Rider for recovery of costs for two capital projects with phased in-service dates, as well as ongoing and future infrastructure projects. 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. Costs related to in-service projects will be moved to base rates effective January 1, 2026 and have been excluded from the 2026 Infrastructure Rider rate.

Projects eligible for recovery through the Infrastructure Rider include those projects specified in Exhibit D to the 2022 Settlement Stipulation and capital investments consistent with the Phase-In Statute (SDCL § 49-34A-73) not yet included in base rates or otherwise recovered through other available mechanisms.

In compliance with the various Settlement Agreements and Commission Orders referenced above, we submitted a filing to update the Infrastructure Rider Adjustment Factor on August 30, 2024. The updated Adjustment Factor became effective January 1, 2025. We then filed a supplement to update that rate on March 31, 2025 per the 2025 Amended Settlement Stipulation, and the updated rate became effective May 1, 2025.

In this filing, we propose to adjust the Infrastructure Rider rate to credit customers an estimated $19 million in revenue requirements for 2026. The resulting rate we propose to implement on March 1, 2026 is negative $0.008032 per kWh applied to all energy billed to each customer class from March 1 to February 28, 2027. The average bill impact is estimated to be a credit of $6.02 per month for a typical residential electric customer using 750 kWh per month, increasing the credit by $1.75 compared to the current rate.

We specifically request Commission approval of:

- Project eligibility for five new projects meeting the $250,000 revenue requirement threshold established by the 2022 Settlement Stipulation;
- the Infrastructure Rider Tracker Report and true-up for the 2025 revenue requirements, including PTCs and the PTC tracker mechanism;
- 2026 Infrastructure Rider revenue requirements of negative $19,060,133, subject to a rate adjustment made in the Company's forthcoming Supplemental filing to account for known 2025 nuclear)PTCs in early 2026;
- an updated Infrastructure Rider Adjustment Factor of negative $0.008032 per kWh, subject to a rate adjustment made in the forthcoming Supplemental filing;
- proposed revision to the Infrastructure Rider tariff sheet; and
- proposed customer notice.

I. REQUIRED INFORMATION

The following information specified in S. D. Admin. R. 20:10:13:26 is provided below regarding our proposed Infrastructure Rider 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) 339-8350

(2) Section and Sheet Number of Tariff Schedule

We propose to revise tariff Sheet No. 5-74 of the Northern States Power Company South Dakota Electric Rate Book. The proposed tariff sheet that would implement the revised Infrastructure Rider Adjustment Factor is included as Attachment 16.

(3) Description of the Tariff Change

This request revises the Infrastructure Rider Adjustment Factor shown as a separate line item on customer bills. The current Infrastructure Adjustment Factor of negative $0.005689 per kWh became effective on May 1, 2025. We propose the new Infrastructure Adjustment Factor of negative $0.008032 per kWh be effective on March 1, 2026.

(4) Reason for the Requested Change

The Company was initially authorized to establish the Infrastructure Rider by the Commission's April 18, 2013 Order in Docket No. EL12-046. In the subsequent electric rate case, Docket No. EL14-058, new projects were included, and the rider mechanism was expanded to implement the Phase-In Statute for possible recovery of other capital investments consistent with SDCL § 49-34A-73.1.

In our last approved rate case, Docket No. EL22-017, the Commission authorized the continued use of the Infrastructure Rider to seek recovery of non-operating income producing projects initially proposed for inclusion in the rate case as 2023 additions, which have been delayed, and as identified in Exhibit D of the 2022 Settlement Stipulation. The 2022 Settlement Stipulation also allowed the Company to include additional projects beginning in 2024, with the condition that the individual project revenue requirements are $250,000 or greater annually on a South Dakota jurisdictional level. The Commission also authorized all wind PTCs to be credited to customers through the Infrastructure Rider going forward. The 2025 Amended Settlement Stipulation authorizes the Company to return to customers nuclear PTCs through the Infrastructure Rider.

The Infrastructure Rider Adjustment Factor has been updated each year since the mechanism was approved to reflect current costs and new facilities. To ensure that customers are not under or overcharged, we record the actual revenues and costs in our tracker account and credit or collect any difference during the next recovery period based on the estimated end-of-year balance in the tracker account.

This Petition includes the final 2024 true-up amount and the projected true-up amount for 2025.

(5) Present Rate

The current monthly rate for all customer classes is negative $0.005689 per kWh, implemented on May 1, 2025 and approved in the Commission's April 14, 2025 Order in Docket No. EL24-029. The rate was calculated by dividing the total remaining 2025 projected annual revenue requirements of the Infrastructure Rider Tracker Account, including the projected tracker balance as of April 2025, by the forecasted retail sales for the period May 2025 through February 2026 (the time period the rate will be in effect).

(6) Proposed Rate

A. Commission Authority

The Commission's authority for considering and approving the revised Infrastructure Rider Adjustment Factor proposed in this Petition was established through approval of the Settlement Agreement in Docket No. EL12-046 and as refreshed most recently in Docket No. EL22-017 under its general authority provided in SDCL § 49-34A. Additionally, authority granted through SDCL §§ 49-34A-73 through 49-34A-78 (Phase-In Statute) allows for cost recovery of material plant investments in generation, transmission, and distribution assets. In part, the Phase-In Statute provides:

> *S.D. Codified laws 49-34A-73 - Phase in rate plan for rate increases due to plant additions. Notwithstanding anything in this chapter to the contrary, an electric utility that is subject to rate regulation by the commission and plans plant additions that are expected to have a material impact on rates may make application to the commission for a phase in rate plan to provide for the phase in of expected rate increases resulting from plant additions. The plan may provide for any of the following:*
>
> *(1) Rate increases to be incrementally phased in prior to the commencement of commercial operation of the plant additions;*

(2) To the extent rate increases for plant additions are allowed prior to commercial operation, restrictions on the capitalization of allowance for funds used during construction for the plant additions;
(3) Restrictions on other rate increases; and
(4) Any other conditions which benefit the public interest and may be imposed by the commission consistent with the findings in § 49-34A-74.

S.D. Codified Laws 49-34A-73.1 - Plant additions defined. For purposes of §§ 49-34A-73 to 49-34A-78, inclusive, plant additions are investments in fixed generation, transmission, and distribution assets, whether purchased or constructed, including operations and maintenance expenses directly related to those fixed assets, real property, and new power purchases.

We have calculated our revenue requirement consistent with the methodology accepted by the Commission in past Infrastructure Rider Orders, most recently in its December 19, 2024 and April 14, 2025 Orders in Docket No. EL24-029. The 2026 overall rate of return is based on the Company's last authorized capital structure and the return on equity (ROE) approved by the Commission in our last concluded electric rate case.[1]

The Company proposes a 2026 Infrastructure Rider Adjustment Factor for all customer classes of negative $0.008032 per kWh. The Infrastructure Rider Adjustment Factor was calculated by dividing the forecasted balance of the Infrastructure Rider Tracker Account by the forecasted retail sales for the calendar year; it is rounded to the nearest $0.000001 per kWh.

B. Proposed Infrastructure Projects

i. Projects Previously Approved for Rider Recovery

A complete list of projects previously approved for Infrastructure Rider recovery is provided in Attachment 12. The projects approved in the 2022, 2023, and 2024 dockets were reaffirmed for rider inclusion most recently in Docket No. EL24-029.

ii. Project Updates

Attachment 4 provides a summary of the updated revenue requirements for the approved projects compared to the forecasted revenue requirements presented in our

[1] Docket No. EL22-017.

last Infrastructure Rider proceeding filed in Docket No. EL24-029. We discuss notable project cost, in-service date, and scope changes below.

The project-related 2024 revenue requirements true-up increased $252,858, while the 2025 forecasted revenue requirements increased $89,012 from the previously approved amounts. This results in a net increase of $341,870 from the previously approved project revenue requirements. See Attachment 4.

a. Line Install – Great Plains

The Company previously forecasted the Great Plains Line Install to be completed and placed into service in August 2024. However, due to construction delays, this project was actually placed into service in December 2024.

b. Chestnut Service Center (CSC) Redevelopment

The budget used to develop the 2025 rate factor forecasted the Chestnut Service Center being placed into service in August 2026. After the budget was developed, an error was identified with this project's estimated in-service date. The Chestnut Service Center is a phased-in project with in-servicing occurring in 2024 and 2025. In 2024, there was $55.7 million of plant placed into service. The remaining $20.2 million of estimated plant investment is forecasted to be placed into service by the end of 2025.

c. Fleet Assets

The in-servicing of new fleet units that the Company anticipated to occur in 2024 shifted to 2025 based on the timing of the new fleet assets were received, which also shifts costs to 2025. The business unit has been working through long lead times on fleet orders, which have been hampered by production delays and supply chain constraints.

d. Grand Forks Service Center

Service Center projects typically span 18-24 months, and final project completion timing can be impacted by weather delays, material lead times, and contractor issues. While the project's in-servicing is anticipated to be delayed three months, the estimated project costs decreased by $5 million due to utilizing Guaranteed Maximum Price (GMP) contracts. The GMP allows the Company and the general contractor to come in under budget and relieves the Company of liability if cost goes over the agreed upon budget.

e. Monticello Ground Water Mitigation

The costs of this phase of the Ground Water Mitigation project were estimated based on a similar project occurring at Pond 1. The original cost estimate based on Pond 1, however, was too high. The estimate was revised after the business revisited the scope of the project and secured all major contracts.

f. ITC-VMWare Cost Savings

This project reflects the O&M savings stemming from an early renewal of the VMWare license agreement. It resets the term to 60 months, extending an additional 2.5 years beyond current expiration. This project specifically upgrades technology via Tanzu licenses, prepares for growth with additional cores, provided price protection prior to Broadcom acquisition of VMWare in October 2023, allows us to trade in perpetual licenses before they are obsolete – recouping 100 percent of depreciation – and converts perpetual to subscription licenses to achieve some O&M savings. The O&M savings for 2023 through 2025 are reflected in line 174 of Attachment 2.

iii. New Project Eligibility

The 2022 Settlement Stipulation allowed the Company to include additional projects in the Infrastructure Rider beginning in 2024, with the condition that the individual project revenue requirements are $250,000 or greater annually on a South Dakota jurisdictional level. The Company has added five new projects this year that meet this requirement:

- Wildfire Risk Mitigation
- Black Start 2
- Chestnut Service Center Redevelopment
- Advanced Grid Intelligence and Security (AGIS)
- St. Paul Service Center

New projects are described in more detail in Attachments 12 and 13.

C. Federal Legislation Impacting Tax Credits in the Infrastructure Rider

The federal Inflation Reduction Act of 2022 (IRA) implemented important tax changes to spur U.S. clean energy production. A particularly important component is the ability to transfer/sell tax credits to third parties. In addition, the IRA created a new PTC for existing nuclear resources. Additional federal legislation known as the "One Big Beautiful Bill" (OBBB) Act was signed into law on July 4, 2025, which makes significant changes to the clean energy tax credits enacted under the IRA. Below we discuss how the Company is incorporating tax treatment passed in the IRA in the Infrastructure Rider tracker and how the OBBB does not currently impact that treatment but may have future implications.

i. Participation in the Tax Credit Market

With the passage of the IRA, the Company is permitted to engage in transactions related to the transfer or sale of tax credits beginning in 2023. Selling PTCs results in significant net benefits to customers over time but does result in an immediate cost in the form of transaction costs incurred by the Company. However, the Company expects the benefits of PTC transactions to substantially outweigh the transaction costs over time.

We began selling PTCs in 2023, so we have included a true-up of the value of the transferred credits to the actual sales amounts in the Infrastructure Rider PTC generation tracker in this Petition for 2024 and 2025 through June. For the second half of 2025 and 2026 we have included in the tracker a forecast of the value of likely sales or transfers based on our (and others') experience in the transfer market thus far. This forecast will be trued-up in subsequent Infrastructure Rider proceedings based on the results of actual transfers. This process incentivizes the Company to maximize the value of tax credits for customers, while allowing us to recover our actual costs for participating in the tax credit market.

Selling PTCs will avoid the continued buildup of the deferred tax asset (DTA), which will result in lower future rates for customers. The DTA is part of rate base and adjusted in a base rate case filing; any reduction in that balance will reduce the total revenue requirement in base rates. The Company expects that avoiding the additional buildup will lead to savings for customers that exceed the annual transaction costs of the PTC sales. However, the impact may not be larger than annual transaction costs initially.

See Attachment 10 for PTCs net of sales.

ii. Nuclear Production Tax Credits (NPTCs)

With the passage of the IRA, beginning in 2024, nuclear facilities became eligible for base credits of 0.3 cents/kWh, subject to an annual inflation adjustment, generated by existing facilities. This base credit is eligible to increase by a factor of five, to 1.5

cents/kWh, provided certain prevailing wage requirements are met. The value of the credits is subject to a sliding scale based on the revenue generated by the nuclear facilities, measured based on the LMP of energy, with the value of the credit diminishing as the LMP rises.

The 2025 Amended Settlement Stipulation reflects the agreement that the Company will credit NPTCs through the Infrastructure Rider rather than the Fuel Clause Rider as originally agreed by the Parties in the rate case. The Company updated its 2025 Infrastructure Rider rates in Docket No. EL24-029 to incorporate known 2024 NPTCs after they were known in early 2025. While final 2025 NPTCs will not be known until early in 2026, we included in this filing estimated 2025 NPTCs based on the Company's current forecast. The Company will supplement this filing with final NPTC amount in early 2026 to allow enough time for review for an expected rate implementation of March 1. See Attachment 15.

As noted above, the NPTC calculation requires certain prevailing wage requirements to be met. The Company incurred costs for consulting fees needed to adhere to the prevailing wage standards required to earn the NPTCs. These compliance costs will be incurred annually and are necessary to sustain the NPTC. We note that at the time we updated the 2025 Infrastructure Rider rate to incorporate 2024 PTCs, we had not yet incurred these costs, so no such costs were included in the rider tracker at that time. We now, however, include South Dakota's jurisdictional share of these costs incurred thus far in 2025 and estimated costs to be incurred through 2026 in the proposed rate factor. These costs are noted on line 171 in Attachment 2 of the Infrastructure Rider tracker.

iii. Current and Future Impacts of the OBBB

As relevant to the Company's current Infrastructure Rider calculations, the OBBB makes no retroactive changes to tax credits for renewable energy projects started to date, so all projects currently recovered through base rates and the Infrastructure Rider will retain their current ability to earn PTCs. In addition, all energy tax credits retain transferability, including NPTCs.

In addition, an Executive Order was issued on July 7, 2025, requiring the Treasury department to provide further guidance on the eligibility of wind and solar projects to claim PTCs and investment tax credits (ITCs). On August 15, 2025, the U.S. Treasury issued Notice 2025-42 in response to that executive order. The Notice maintains the physical work test for beginning construction on a project but eliminates the safe harbor for beginning construction by incurring 5 percent of the project cost. The Notice also maintains the 4-year continuity safe harbor for completing projects and clarifies that disruptions to continuous construction that are beyond taxpayer's control do not extend the 4-year safe harbor. The new guidance applies to projects that begin construction after September 1, 2025; the Company has not yet sought Commission approval of any wind or solar projects with construction starting after that date. The Notice does not require anything different than our current practice when bringing projects to the Commission. We continue to review the OBBB and to work with federal and state partners to understand its full impact.

D. Infrastructure Rider Tracker Account and Accounting

The Company uses a tracker account as the accounting mechanism for eligible Infrastructure Rider 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 allocated costs among jurisdictions based on the cost allocation methodology approved in our last concluded rate case and consistent with the Commission's Order approving the prior Infrastructure Rider filing. As a result, for 2026, South Dakota electric customers are allocated a portion of total costs for each project depending on the type of system component.

Each month, as revenues are collected from retail customers, the Company tracks the amount of recovery under the Infrastructure Rider 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 Adjustment Factor for the next year's forecasted revenue requirement.

i. Renewable PTC Tracker

Per the 2022 Settlement Stipulation, the South Dakota jurisdictional share of renewable PTCs associated with wind generation that were previously credited to customers through the Fuel Clause Rider (FCR) are now credited to customers through the Infrastructure Rider. The Parties agreed that this mechanism allows for reduced volatility from month to month in FCR rates.

In addition, the Parties agreed that the Company will incorporate a mechanism in the Infrastructure Rider to ensure that customers receive the benefits of the wind projects and all future wind projects. A baseline PTC floor has been established equal to 90 percent of the PTC forecasts the Company used to justify the prudence of the wind projects. A tracker mechanism has been established and actual PTCs received are tracked and will be compared to the floor annually.

If PTCs earned and allocated to the South Dakota jurisdiction are above the floor: (i) no changes to actual PTCs credited to the Infrastructure Rider are made; and (ii) any amounts of PTCs above the PTC floor will be carried forward as a positive balance in the tracker for the following year. In the event that PTCs earned and allocated to the South Dakota jurisdiction are below the 90 percent floor, then the Company will (iii) refund to customers the value of the difference between actual PTCs received and the 90 percent floor through the Infrastructure Rider net of any positive balances in the tracker mechanism established under this Section III.7.b. The baseline PTC floor and the actual PTCs received will be calculated on a portfolio basis.

The tracker mechanism has been established for wind production starting in 2021 and carries forward a net balance to the subsequent year. Wind production for 2021-2024 was below the established floor.

For 2025, the PTC floor calculation resulted in a refund of $204,473 which will be credited to customers as part of the 2026 Infrastructure Rider rate. See Attachment 2, line 172.

Due to the variability of wind production, we will continue to true-up the PTCs for these projects in future Infrastructure Rider petitions, even after the project costs have been incorporated into base rates, as approved in the 2022 Settlement Stipulation. In the pending rate case in Docket No. EL25-024, we propose continued use of the Infrastructure Rider for recovery of costs and PTCs related to Wind Repower projects.

The Internal Revenue Service (IRS) issued guidance for a 2024 PTC rate of $29 per MWh for wind farms placed in service prior to 2021 and a PTC rate of $30 per MWh for wind farms placed in service after 2021. The IRS released 2025 rates which increased the PTC rate to $30 per MWh for wind farms placed in service prior to 2021. The PTC rate for wind farms placed in service after 2021 remained at $30 per MWh. We note that the Pleasant Valley Repower and Border Winds Repower projects qualify for an additional 10 percent per MWh for meeting domestic content requirements by satisfying the safe harbor requirements outlined by the IRS. These rates are reflected in the PTC tracker (and Attachment 8). The 2025 rate is used for 2025 and the forecast period. We will update the credit for future years if the IRS updates the value or changes are made to the law that redefine the credit. The actual

PTC benefits will continue to be trued-up through the Infrastructure Rider tracker and updated in each annual filing.

ii. *True-Up*

As agreed upon in the 2025 Amended Settlement Stipulation, an annual filing will be made by October 1 of each year and will include a tracker that will true-up the Infrastructure Rider for actual costs, revenues, and allocation factors for the prior period, reconciling any differences between estimated cost and in-service date and actual cost and in-service date, and include projected revenue requirements for the tracker projects in the following year. This process of true-up to actual costs and reset of the Infrastructure Rider factor based on forecast for the following year will continue until the revenue requirements related to projects in the Infrastructure Rider are moved into base rates in a future rate case.

E. Project Cost Recovery

i. *Summary*

Below we provide support for the proposed 2026 Infrastructure Rider rate. This information is summarized as follows:

- The projected Infrastructure Rider Tracker Account activity for 2026, including both revenue requirements and projected revenues, is summarized in Attachment 2 with monthly detail in Attachment 3.
- The projected 2026 revenue requirement proposed to be recovered through the Infrastructure Rider Adjustment Factor from South Dakota electric customers is approximately negative $19.1 million. Detailed revenue requirements for each project can be found in Attachment 5.
- Projected revenues are calculated by month as shown in Attachment 6 and are based on forecast 2026 South Dakota sales by calendar month.
- The development of the Infrastructure Rider Adjustment Factor is included in Attachment 1. The proposed Infrastructure Rider Adjustment Factor is shown below.

ii. Proposed 2026 Infrastructure Rider Adjustment Factor

The Company's Infrastructure Rider rate design is the annual calculated revenue requirements (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 March through February 2027. This calculation is shown on Attachment 1.

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

Table 1
2026 Rate Factor Calculation

2025 Carry-Forward Balance	$(3,519,342)	
2026 Project Revenue Requirements	$10,309,415	
All PTCs (Net) and PTC Tracker	$(25,850,206)	
2026 Net SD Retail Cost	**$(19,060,133)**	[A]
Forecasted SD Retail Sales (MWh)	2,373,095	[B]
Infrastructure Rider Adjustment Factor (per kWh)	**($0.008032)**	[C] = [A]/[B]

If approved as proposed, our 2026 revenue requirements reflect the current true-up balance for 2025. The remaining 2024 Tracker balance has been included in the Infrastructure Adjustment Factor. We propose to implement an adjustment factor of negative $0.008032 per kWh applicable to all customer classes beginning March 1, 2026.

iii. Bill Impact

The average bill impact for a residential customer using 750 kWh per month will be a credit of $6.02 per month, increasing the credit by $1.75 compared to the current rate. Consistent with our approved tariff, we will notify our customers of the change through a bill onsert in the month the change is effective.

iv. *Tariff*

Attachment 16 provides the proposed revised tariff sheet to implement the proposed Infrastructure Rider Adjustment Factor based on forecasted costs for the 2026 forecast period. 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 Infrastructure Rider recoveries from customers and the actual revenue requirements for the period.

v. *South Dakota Jurisdictional Cost*

Attachment 5 shows the development of the revenue requirements by year for each project for the South Dakota jurisdiction, based on the capital-related cost, by project, using the most recent capital forecast.

Xcel Energy operates the generation and transmission assets of Northern States Power Company – Minnesota (NSPM) and Northern States Power Company – Wisconsin (NSPW) as one system (NSP 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 generation and 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 the allocation methodology generally accepted in our rate case proceedings.

vi. *Calculations to establish that the rate adjustment is consistent with the terms of the tariff.*

Attachment 1 contains the calculation of the proposed 2026 Infrastructure Rider Adjustment Factor consistent with the terms of the Infrastructure Rider tariff proposed in Attachment 16. Attachment 8 demonstrates the revenue requirement model logic and aids in confirming the calculation is accurate.

(7) Proposed Effective Date of Modified Rate

Consistent with the 30-day notice requirement under SDCL § 49-34A-17, we propose to implement rates March 1, 2026. If the Commission acts to suspend the proposed rates and our Petition has not been approved in time to implement on March 1, 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. As indicated above, the rate has been determined based on a March 1 implementation, and we request the opportunity to recalculate the Infrastructure Adjustment Factor to reflect the time remaining in the forecast period in the event Commission approval occurs later.

(8) Approximation of Annual Decrease in Revenue

Attachment 2 shows the summary of the Infrastructure Tracker Account activity for 2024 through 2026, and Attachment 3 provides monthly detail for 2024, 2025, and 2026. The 2025 true-up balance is currently forecasted to be a credit of $3.5 million while the projected revenue requirement for 2026 is $10.3 million. This sum of $6.7 million is offset by $25.8 million of credits from PTC related tracker adjustments, which results in a negative $19.1 million revenue requirement for 2026. We have calculated this amount to be billed to customers from March 2026 through February 2027 through this tariff mechanism. Pending the timing of Commission approval, we will recalculate the Infrastructure Rider Adjustment Factor based on when the new rate can be implemented.

The proposed 2026 revenue requirements represent a $9.4 million decrease compared to the 2025 revenue requirement approved for the Infrastructure Rider in Docket No. EL24-029 as several of the projects previously approved are being rolled into base rates and are no longer recovered through the Infrastructure Rider effective January 1, 2026.

(9) Points Affected

The proposed Infrastructure Rider 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 be included with customers' bills in the month the Infrastructure Adjustment Factor is implemented, or as soon as is practicable after implementation of the Adjustment Factor.

We will work with the 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. WIND PROJECT PERFORMANCE ANNUAL REPORT

A. Background

In the Settlement Stipulation approved by the Commission in Docket No. EL14-058, the Company agreed to report certain information related to capital cost, operating costs, congestion costs and other energy production information for the Pleasant Valley and Border Winds projects once construction of either project was completed. The Settlement stipulated that reporting should begin with the first annual Infrastructure Rider filing following the completion of the project construction. Subsequent proceedings have added projects to this reporting requirement:

In the 2015 Infrastructure Rider proceeding, the Company also agreed to report the same information for the Courtenay project once construction was completed.[2]

In the 2018 Infrastructure Rider proceeding, the Company committed to reporting the same information for the new wind projects included in the Petition – Blazing Star I, Crowned Ridge II, Foxtail, and Lake Benton II.[3]

---

[2] Docket No. EL15-038.
[3] Docket No. EL18-040.

The Commission's December 13, 2019 Order requires the Company to submit annual informational reports on the performance metrics of the Blazing Star II and Freeborn wind projects.[4]

As indicated in the December 14, 2021 Staff Memo in Docket No. EL21-028, the Company agreed to provide annual informational reports on the performance metrics of the Dakota Range I and II, Community Wind North, Jeffers, Mower, and Rock Aetna) projects once they are placed in-service.

Attachments 14 and 14A provide the Wind Project Performance Annual Report information for calendar year 2024 for the Pleasant Valley, Border Winds, Courtenay, Foxtail, Lake Benton II, Blazing Star I, Crowned Ridge II, Blazing Star II, Freeborn, Jeffers, Community Wind North, Mower, Dakota Range I and II, Rock Aetna, Nobles, Northern Wind, and Grand Meadow facilities. We expect the repowered Border and Pleasant Valley projects to begin operation in 2025 and will include these projects in the report when we report on 2025 wind performance.

B. Analysis of Wind Benefits

When choosing which wind generation facilities to add to the NSPM system, the Company performs capacity expansion modeling on each of the wind projects that shows the expected net costs or benefits of each of the projects.

The savings expected for these wind projects are generally due to the decreased fuel costs of the projects outweighing the costs of adding them over the life of each project. Thus, the projects are anticipated to result in long-term energy costs that will be lower than they would otherwise have been had the given wind resource not been selected. In a future scenario in which natural gas costs are lower, the fuel savings from the wind projects are diminished to a certain extent. On the flip side, however, we expect wind additions to show higher benefits under a future scenario in which gas prices are higher.

It is difficult to demonstrate the actual occurrence of the estimated savings for each wind project because the comparison being made is to the costs (occurring over the life of the project) of a future resource alternative that will never actually be experienced. Thus, the modeling we conduct to evaluate projects is most appropriately viewed as an economic decision-making tool – comparing a future system with the plant in question to a future without it – rather than an indication of

[4] Docket No. EL19-035.

specific rate savings. However, historical trends in our fuel and purchased energy costs as reflected in the Fuel Cost Charge (FCC) appear to show that energy cost savings have occurred in recent years that can at least partially be the result of the Company's use of wind resources.

Similar to data provided in past Infrastructure Rider filings, Figure 1 below represents a graph of the annual average monthly FCC rates from 2010 through 2024 for residential customers in South Dakota, as shown in the solid line. Note that in the period from 2010-2015, prior to the addition of most of Xcel Energy's major wind resources, energy rates were on an upward trend, as indicated by the dashed line labeled "Trend Line Rates." However, from 2015 to 2024, which coincides with the timing of the addition of several of the wind projects currently in the Infrastructure Rider, as shown in Figure 1, we saw the FCC rates fall to nearly half their 2013 peak. The FCC rates did rise again in 2021, primarily due to an increase in gas costs offsetting the downward pressure on the FCC generated by the additions of the wind projects.

Figure 1
Average Annual SD FCC Rate per kWh
(Residential) 2010-2024

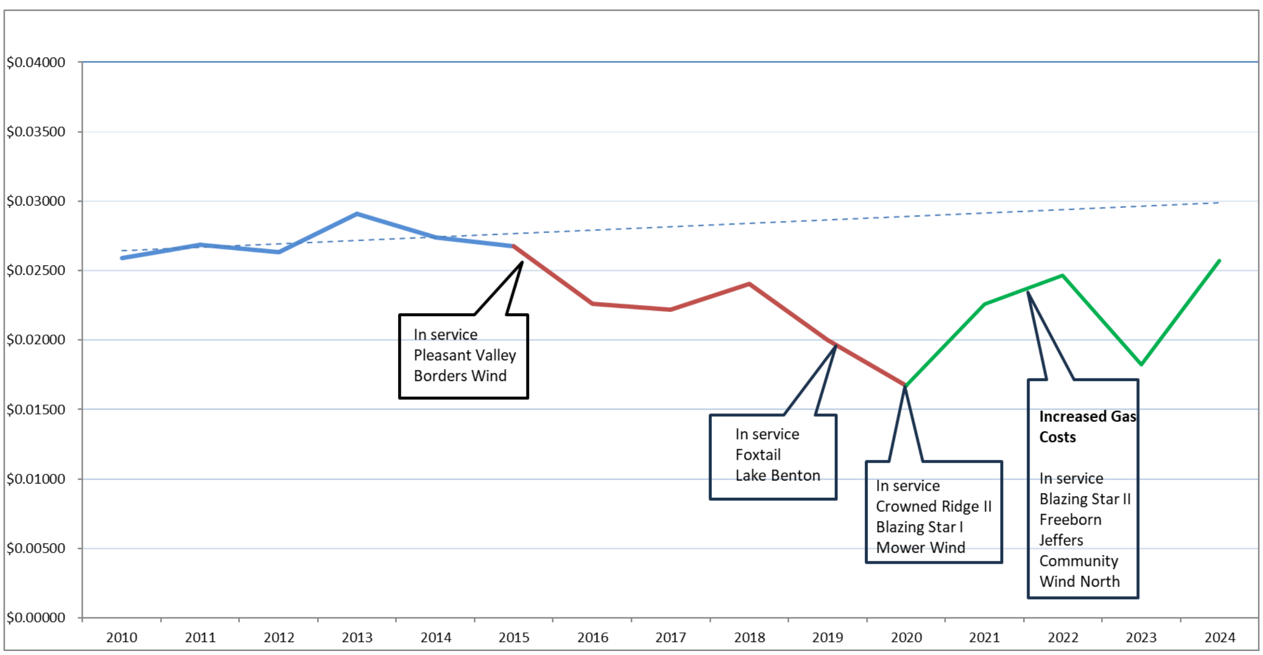

Figure 1 shows that, for example, the delta between the 2024 average rate (around 2.5 ¢/kWh) and the rate that would have been expected in 2024 based on the trend of costs from 2010 – 2015 (about 3.0¢/kWh) is approximately 0.5¢/kWh. For a typical residential customer using 750 kWh a month, this reflects approximate savings of $4 per month.

Figure 2 below shows the historical average "all-in" residential electric rate per kWh (i.e., including all base, riders, and FCC rates) by year. Figure 2 shows that the price trend from 2016-2024 is lower than the trend from 2010-2015, coinciding with the Company's investment in wind resources.

Figure 2
Xcel Energy Average Residential
Electric Rate in SD (2010 – 2024)

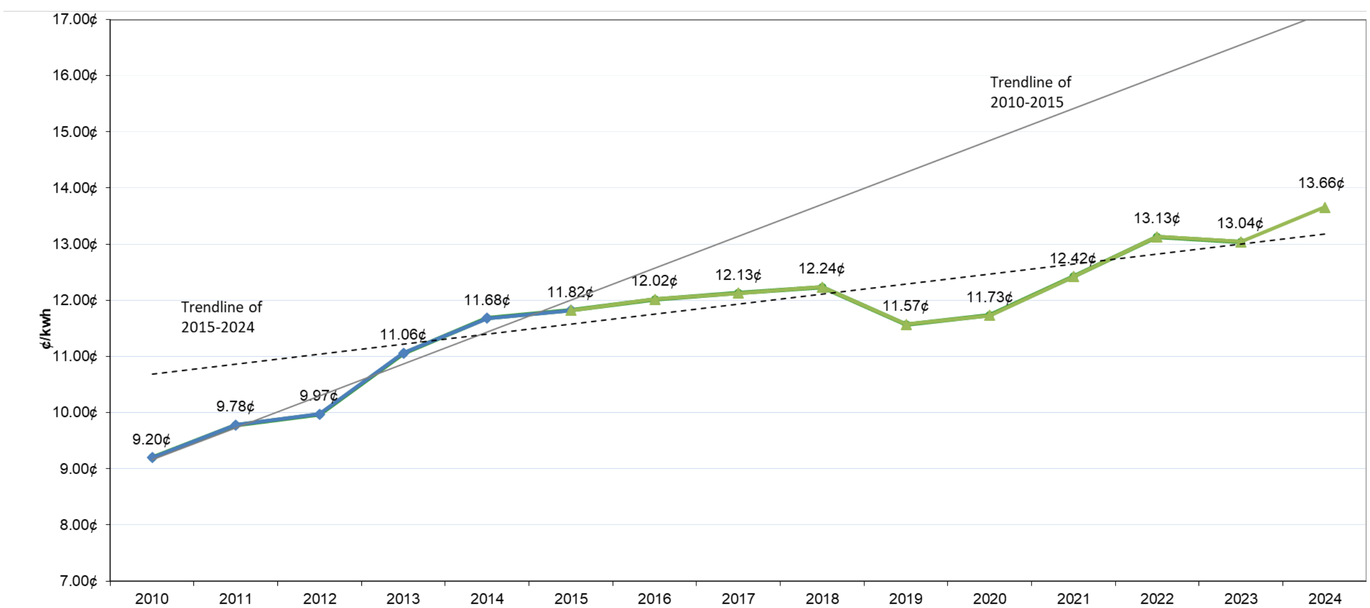

Figure 2 demonstrates that wind additions have driven lower overall energy costs for South Dakota consumers compared to costs anticipated if the wind was not added, as modeled by the Company in its various resource filings. Lower gas commodity costs also contributed to the lower fuel costs customers have seen in recent years. The combination of lower gas costs and wind generation allowed for cost savings by offsetting more expensive generation. As shown in Figure 1, above, fuel costs increased in 2021 and 2022. This increase was driven by the increase in gas commodity costs. While this increase in gas commodity costs has resulted in an increase in the FCC rates, the wind generation provides a hedge against fuel costs, keeping the fuel costs lower than they would have been without the wind additions.

IV. CONFIDENTIAL INFORMATION

We request confidential treatment of certain portions of Attachments 5, 7, 8, 10, 12, 14, and 15. Pursuant to ARSD 20:10:01:41, the Company submits the following justification for confidential treatment.

(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.

Certain portions of Attachments 5, 7, 8, 10, 12, 14, and 15 contain confidential information. This confidential information includes confidential financial information that is not available to the general public and 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, who could obtain economic value from its disclosure or use.

(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 certain portions of Attachments 5, 7, 8, 10, 12, 14, and 15 be recognized as confidential data in perpetuity.

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

Steve T. Kolbeck
Director, State Affairs and Business Relations
500 W. Russell Street
P.O. Box 988
Sioux Falls, SD 57101
(605) 339-8350
steve.t.kolbeck@xcelenergy.com

(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 and SDCL § 1-27-30, which identify confidential information that is exempt from public inspection, including trade secrets or other confidential research, development, or commercial information and information which is otherwise made confidential under any other provisions of state or federal law. Specifically, portions of the identified documents include information that qualifies as confidential, non-public information by one or more of the following SDCL Chapters:

§ 1-27-1.5(3) Trade secrets, the specific details of bona fide research, applied research, or scholarly or creative artistic projects being conducted at a school, postsecondary institution, or laboratory funded in whole or in part by the state, and other proprietary or commercial information which if released would infringe intellectual property rights, give advantage to business competitors, or serve no material public purpose.

§ 1-27-1.5(20) Any document declared closed or confidential by court order, contract, or stipulation of the parties to any civil or criminal action or proceeding.

§ 1-27-28(4), which defines "proprietary information" 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."

The information contained within the referenced documents also meets the definition of "trade secret" under SDCL § Chapter 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."

(5) The factual basis that qualifies the information for confidentiality under the authority cited.

The identified Attachments contain confidential data Xcel Energy protects as not-public information for the reasons detailed in Part (1) above.

VI. CONTACT INFORMATION

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

Xcel Energy
Christine Marquis
Regulatory Administrator
MN1180-07-MCA
414 Nicollet Mall Minneapolis, MN 55401
Regulatory.Records@xcelenergy.com

CONCLUSION

Xcel Energy respectfully requests that the Commission approve the revised Infrastructure Rider Adjustment Factor of negative $0.0080320 per kWh for 2026 as described in this filing, subject to a rate adjustment made in the Company's forthcoming Supplemental filing to account for known 2025 nuclear PTCs in early 2026. The Company appreciates the interest and efforts of South Dakota policymakers in adopting a constructive approach to support the continued and on-going system improvements that are needed for safe, efficient, and reliable service to customers.

Dated: October 1, 2025

Northern States Power Company