

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 2027
INFRASTRUCTURE RIDER ADJUSTMENT
FACTOR

DOCKET NO. EL26-____

**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 and was modified and approved in the Company's subsequent electric rate case proceedings. The Infrastructure Rider was most recently modified by the April 24, 2026 Settlement Stipulation (2026 Settlement Stipulation) in the Company's electric rate case in Docket No. EL25-024, which was approved by the Commission's May 13, 2026 Order.

Projects eligible for recovery through the Infrastructure Rider include the projects specified in the 2026 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. We have prepared this filing consistent with the terms of the 2026 Settlement Stipulation and in compliance with the various Settlement Agreements and Commission Orders referenced below.

In the 2026 Settlement Stipulation, the Parties agreed that the Company may include in the Infrastructure Rider projects with an annual South Dakota revenue requirement of at least \$100,000, that are not blanket projects, that do not produce offsetting cost savings, and that are not required for the provision of service to new customers or increased load for existing customers. The new threshold is a reduction from the former threshold of \$250,000, and as a result, more new projects are included in the rider compared to recent years.

In this filing, we propose a 2027 Infrastructure Rider rate of negative \$0.003465 per kWh resulting from an estimated \$8.2 million credit in revenue requirements. We propose implementing the rate on energy billed to each customer class from March 1, 2027, to February 29, 2028. The average bill impact is estimated to be a credit of \$2.60 per month for a typical residential electric customer using 750 kWh per month; compared to the current credit, this represents an increase to customer bills of \$2.37.

We specifically request Commission approval of:

- Project eligibility for twenty-two new projects meeting the \$100,000 revenue requirement threshold established by the 2026 Settlement Stipulation and the inclusion of additional components of the wildfire risk mitigation portfolio;
- the Infrastructure Rider Tracker Report and true-up for the 2025 and 2026 revenue requirements, including PTCs and the PTC tracker mechanism;
- 2027 Infrastructure Rider revenue requirements of negative \$8,171,525, subject to a rate adjustment made in the Company's forthcoming Supplemental filing to account for known 2026 nuclear PTCs in early 2027;
- an updated Infrastructure Rider Adjustment Factor of negative \$0.003465 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 to update the Infrastructure Rider rate. The proposed tariff sheet is included as Attachment 15.

(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 \$0.006619 per kWh became effective on July 1, 2026. We propose the new Infrastructure Adjustment Factor of negative \$0.003465 per kWh be effective on March 1, 2027.

(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.

The Infrastructure Rider was further modified by the May 24, 2023 Settlement Stipulation in the Company's electric rate case in Docket No. EL22-017, approved by the Commission's June 6, 2023 Order (2022 Settlement Stipulation). The 2022 Settlement Stipulation set an individual project revenue requirement threshold of \$250,000, authorized the Company to credit customers all wind PTCs through the Infrastructure Rider, and set a PTC baseline. 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). The 2025 Amended Settlement Stipulation authorizes the Company to return to customers nuclear PTCs through the Infrastructure Rider.

In our most recent rate case, Docket No. EL25-024, the Commission authorized the continued use of the Infrastructure Rider. The 2026 Settlement Stipulation allows the Company to include additional projects beginning in 2026, with the condition that the individual project revenue requirements are \$100,000 or greater annually on a South Dakota jurisdictional level.

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 over-charged, 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 2025 true-up amount and the projected true-up amount for 2026.

(5) Present Rate

The current monthly rate for all customer classes, implemented on July 1, 2026, is negative \$0.006619 per kWh, and was approved by the Commission's June 3, 2026 Order in Docket No. EL25-033. The rate was calculated by dividing the total remaining 2026 projected annual revenue requirements of the Infrastructure Rider Tracker Account, including the projected tracker balance as of June 2026, by the forecasted retail sales for the period July 2026 through February 2027 (the time frame for which the rate would 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. EL25-024 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 June 3, 2026 Order in Docket No. EL25-033. The 2027 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 most recent electric rate case.¹

The Company proposes a 2027 Infrastructure Rider Adjustment Factor for all customer classes of negative \$0.003465 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 during the March 2027 through February 2028 recovery period; 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 13. The projects approved in the 2022, 2023, 2024 and 2025 dockets were reaffirmed for rider inclusion most recently in Docket No. EL25-033.

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 last Infrastructure Rider proceeding in Docket No. EL25-033. We discuss notable project cost, in-service date, and scope changes below.

The project-related 2025 revenue requirements true-up decreased \$759,576, while the 2026 forecast revenue requirements increased \$333,458 from the previously approved amounts. This results in a net decrease of \$426,119 from the previously approved project revenue requirements. See Attachment 4.

¹ Docket No. EL25-024.

a. A.0000045.001-Prairie Island TN-40 Casks (48-64)

The decrease in forecasted costs for the Prairie Island TN-40 Casks (48-64) project is primarily attributable to schedule-related shifts in project expenditures between years. Delays in portions of the dry cask loading campaign resulted in costs being reallocated to align with the updated project schedule, reducing the amount forecasted for recovery. The overall project scope remains unchanged.

b. D.0001810.174-St. Paul New Service Center

The decrease in forecasted costs for the St. Paul New Service Center project is primarily due to updates in project timing. As construction activities have been refined, costs have shifted between forecast years, reducing the amount currently projected for recovery. The project continues to advance, and the overall project objective remains unchanged.

c. A.0010079.050-South Dakota Saver Switches

The decrease in forecasted costs for the South Dakota Saver Switches project is primarily due to updated capital cost forecasts and refined implementation planning. The project scope remains unchanged in the replacement of end-of-life Saver Switch equipment with modern devices that utilize the AGIS communications network.

d. D.0001813.154-Chestnut Service Center Redevelopment

The decrease in forecasted costs for the Chestnut Service Center Redevelopment project is primarily attributable to lower construction cost estimates resulting from the use of Guaranteed Maximum Price (GMP) contracts. The GMP contracting structure has reduced projected costs and provided greater cost certainty while maintaining the overall project scope.

e. D.0000099.007-ITC-Work Studio 9.5 V

The increase in forecasted revenue requirements for the ITC-Work Studio 9.5 V project reflects updates to the project's software and implementation expenditures forecast. The project continues to support vegetation management operational capabilities, and the overall project objectives remain unchanged. The revised forecast results in higher projected costs for recovery in this Infrastructure Rider compared to the prior forecast.

f. A.0001574.910-Sherco Solar Generating Plant III

The increase in forecasted costs for the Sherco Solar Generating Plant III project is primarily attributable to land easement costs and increased property taxes. The land easement for utility scale solar was higher than its previous agriculture designation. In addition, the original project forecast did not reflect the increase in property taxes resulting from the reclassification of the project land to include solar generation. The Company's Siting and Land Rights personnel subsequently identified both items and determined the associated costs. These costs were not reflected in the 2026 project forecast but have now been incorporated into the 2027 forecast for recovery.

g. A.0001574.923-ITC -Business Systems Sherco Solar

The increase in forecasted revenue requirements for the ITC Business Systems Sherco Solar project reflects updated forecasts for information technology and business systems investments supporting the Sherco Solar facilities. The project continues to provide the technology infrastructure and business systems necessary to support operation of the Sherco Solar resources. Updated project cost forecasts increased the revenue requirements compared to those presented in the prior filing, while the overall project purpose and objectives remain unchanged.

iii. New Project Eligibility

The 2026 Settlement Stipulation allows the Company to include additional projects in the Infrastructure Rider, with the condition that the individual project revenue requirements are \$100,000 or greater annually on a South Dakota jurisdictional level. The Company has added twenty-two new projects to this year's rider request that meet this requirement. In addition, we have added additional components to the wildfire risk mitigation portfolio. The new projects are:

- Chestnut Service Center
Redevelopment Phase II
- Sherco 3 - Collector
- Relocate LCO071
- C Harrisburg LCO072
- Rebuild Feeder SAL310
- Line Install South Re
- Land Big Sioux River
- Line Install Louise Line
- Rebuild Feeder LAW312
- Monticello Second License
Renewal
- Sioux Falls Renovation
- ITC-SAP S4 HANA SW
- Monticello Replace Stator Con
- Prairie Island Water Treatment
Mo
- Black Dog S5C Unit 5 Major
Incident

- Black Dog S6 Hot Gas Path #1
- Riverside 9 - Hot Gas Path
- Riverside 10 Hot Gas Path – 22
- Nobles Install 672MVA TR3
TAM SUB
- Str 2 -27A (Phase 2)
- Parkers Lake TR09
- W3653 Boot Lake to Chain O
Lakes

New projects are described in more detail in Attachment 13 and wildfire risk mitigation portfolio updates are described in more detail in Attachment13A.

iv. Future Recovery of Capacity Resources in the Infrastructure Rider

The 2026 Settlement Stipulation addresses future recovery of capacity resources in the Infrastructure Rider and states in relevant part:

The Parties also agree that, in the future, there will be an additional annual reduction to revenue requirement based on Xcel Energy’s planned retirement of Sherco 1, but such reduction will not come into force until Xcel Energy seeks cost recovery for a future capacity resource in the Infrastructure Rider. The amount of the total Sherco 1 reduction will be determined in connection with such a future filing. The total Sherco 1 reduction amount may be adjusted by forgone revenue related to the deferred recovery of the costs of new capacity resources, if any. The reduction will only apply to rates prospectively. The Parties reserve their rights to take the positions they deem appropriate regarding the amount of the forthcoming reduction.²

The Company anticipates including new capacity resources in next year’s annual Infrastructure Rider filing. The Company is considering several Battery Energy Storage System (BESS) projects that we chose not to include in this year’s filing because they will be placed in-service at the end of the year. Including these projects in next year’s rider will allow the Company to apply the capacity credit to a full year of revenue requirements instead of to a partial year.

C. Federal Legislation Impacting Tax Credits in the Infrastructure Rider

The federal Inflation Reduction Act of 2022 (IRA) implemented important tax changes, including the ability to transfer or sell tax credits to third parties, and the creation of a new PTC for existing nuclear resources. Additional federal legislation

² 2026 Settlement Stipulation at 5.

known as the “One Big Beautiful Bill” (OBBB) Act 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 include 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 2025 and 2026 through June. For the second half of 2026 and 2027 we include a forecast of sales or transfers. This forecast will be trueed-up in subsequent Infrastructure Rider proceedings based on actual transfers. This process encourages 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, as discussed on pages 31- 33 of Exhibit LJW-1 in Docket No. EL25-024. 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 nuclear facilities,

measured 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 2022 Settlement Stipulation. While final 2026 NPTCs will not be known until early in 2027, we included in this filing estimated 2026 NPTCs based on the Company's current forecast. The Company will supplement this filing with the final NPTC amount in early 2027 to allow enough time for review for an expected rate implementation of March 1. See Attachment 12.

As noted above, the NPTC calculation requires certain prevailing wage requirements to be met. The Company incurred costs for consulting fees that were necessary for the prevailing wage standards required to earn the NPTCs. These compliance costs will be incurred annually and are necessary to sustain the NPTC. We include South Dakota's jurisdictional share of these costs in the proposed rate factor, as shown on line 233 of Attachment 2.

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.

New guidance related to the OBBB applies to projects that begin construction after September 1, 2025, and the Company has not yet sought Commission approval of any wind or solar projects with construction starting after that date.

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 2027, 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 under- or over-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 under- or over-recovered balance and added to the tracker balance. Any under- or over-recovered 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 was established for wind production starting in 2021 and carries forward a net balance to the subsequent year. Wind production for 2021-2025 was below the established floor.

For 2026, the PTC floor calculation resulted in a refund of \$222,737 which will be credited to customers as part of the 2027 Infrastructure Rider rate. See Attachment 2, line 234.

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 most recent rate case, Docket No. EL25-024, the Commission approved continued use of the Infrastructure Rider for recovery of costs and PTCs.

The Internal Revenue Service (IRS) issued guidance for a 2025 PTC rate of \$30 per MWh for wind farms placed in service prior to 2022 and a PTC rate of \$30 per MWh for wind farms placed in service after 2022. The IRS released 2026 rates which increased the PTC rate to \$31 per MWh for wind farms placed in service prior to 2022. The PTC rate for wind farms placed in service after 2022 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 by satisfying the safe harbor requirements outlined by the IRS related to domestic content. These rates are reflected in the PTC tracker (and Attachment 10). The 2026 rate is used for 2026 and the 2027 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

In alignment with 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. The tracker will reconcile differences between actual and estimated costs and in-service dates and will include projected revenue requirements for the projects in the following year. This 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 2027 Infrastructure Rider rate. This information is summarized as follows:

- The projected Infrastructure Rider Tracker Account activity for 2027, including both revenue requirements and projected revenues, is summarized in Attachment 2 with monthly detail in Attachment 3.
- The projected 2027 revenue requirement proposed to be recovered through the Infrastructure Rider Adjustment Factor from South Dakota electric customers is approximately negative \$8.2 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 2027 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 2027 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 2027 through February 2028. This calculation is shown on Attachment 1.

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

Table 1
2027 Rate Factor Calculation

<i>2026 Carry-Forward Balance</i>	\$(2,871,103)	
<i>2027 Project Revenue Requirements</i>	\$22,050,173	
<i>All PTCs (Net) and PTC Tracker</i>	\$(27,350,595)	
2027 Net SD Retail Cost	\$(8,171,525)	[A]
Forecasted SD Retail Sales (MWh)	2,358,539	[B]
Infrastructure Rider Adjustment Factor (per kWh)	(\$0.003465)	[C] = [A]/[B]

The 2027 revenue requirements reflect the current true-up balance for 2026. The remaining 2025 Tracker balance has been included in the Infrastructure Adjustment Factor. We propose implementing an adjustment factor of negative \$0.003465 per kWh applicable to all customer classes beginning March 1, 2027.

iii. Bill Impact

The average bill impact for a residential customer using 750 kWh per month will be a credit of \$2.60 per month; compared to the current credit, this represents an increase to customer bills of \$2.37. 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 15 provides the proposed revised tariff sheet to implement the proposed Infrastructure Rider Adjustment Factor based on forecasted costs for the 2027 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 2027 Infrastructure Rider Adjustment Factor consistent with the terms of the Infrastructure Rider tariff proposed in Attachment 15. 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, 2027. 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 rate in the first billing cycle following Commission approval, or at the time the proposed rates are no longer subject to suspension. We request the opportunity to recalculate the Infrastructure Adjustment Factor to reflect the time remaining in the forecast period in the event Commission approval does not occur in time for implementation on March 1.

(8) Approximation of Annual Decrease in Revenue

Attachment 2 shows the summary of the Infrastructure Tracker Account activity for 2025 through 2027, and Attachment 3 provides monthly detail for 2025, 2026, and 2027. The 2026 true-up balance is currently forecasted to be a credit of \$2.9 million while the projected revenue requirement for 2027 is \$22.1 million. This sum of \$19.2 million is offset by \$27.4 million of credits from PTC related tracker adjustments, which results in a negative \$8.2 million revenue requirement for 2027. We have calculated this amount to be billed to customers from March 2027 through February 2028 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 2027 revenue requirements represent a \$2.8 million increase compared to the 2026 revenue requirement approved for the Infrastructure Rider in Docket No. EL25-033. While several of the projects previously approved were rolled into base rates and are no longer recovered through the Infrastructure Rider effective January 1, 2026, the updated eligibility threshold added twenty-two new projects to the rider.

(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 109,379 customers in 31 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 16 includes the language we propose to 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.³

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.⁴

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.⁵

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 were placed into service.

Attachments 14 and 14A provide the Wind Project Performance Annual Report information for calendar year 2025 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. The repowered Border Winds and Pleasant Valley projects began operation in late 2025 and data related to these projects is incorporated into the wind performance report.

³ Docket No. EL15-038.

⁴ Docket No. EL18-040.

⁵ Docket No. EL19-035.

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 wind project that shows the expected net costs or benefits of the project.

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 have been if the 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. Conversely, we expect wind additions to show higher benefits under a future scenario in which natural gas prices are higher.

It is difficult to demonstrate the actual realization of the estimated savings for each wind project because the costs comparison is between costs (occurring over the life of the project) of a future resource alternative that will never actually materialize. Thus, the modeling we conduct to evaluate projects is most appropriately viewed as an economic decision-making tool, comparing a future system with the project to a future without it, rather than an indication of specific rate savings. However, historical trends in 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 and that those savings may be attributable, at least partially, to the Company's use of wind resources.

Like the data provided in past Infrastructure Rider filings, Figure 1 below presents the annual average monthly FCC rates from 2010 through 2025 for residential customers in South Dakota, as shown in the solid line. Note that during the period from 2010-2015, prior to the addition of most of Xcel Energy's major wind resources, FCC rates were on an upward trend, as indicated by the dashed line labeled "Trend Line Rates." However, from 2015 to 2025, which coincides with the timing of the addition of several wind projects currently in the Infrastructure Rider, FCC rates fell to nearly half their 2013 peak. Although FCC rates rose again in 2021, that increase was primarily due to higher natural gas costs, which offset some of the downward pressure on the FCC resulting from the additions of the wind projects.

Figure 1
Average Annual SD FCC Rate per kWh
(Residential) 2010-2025

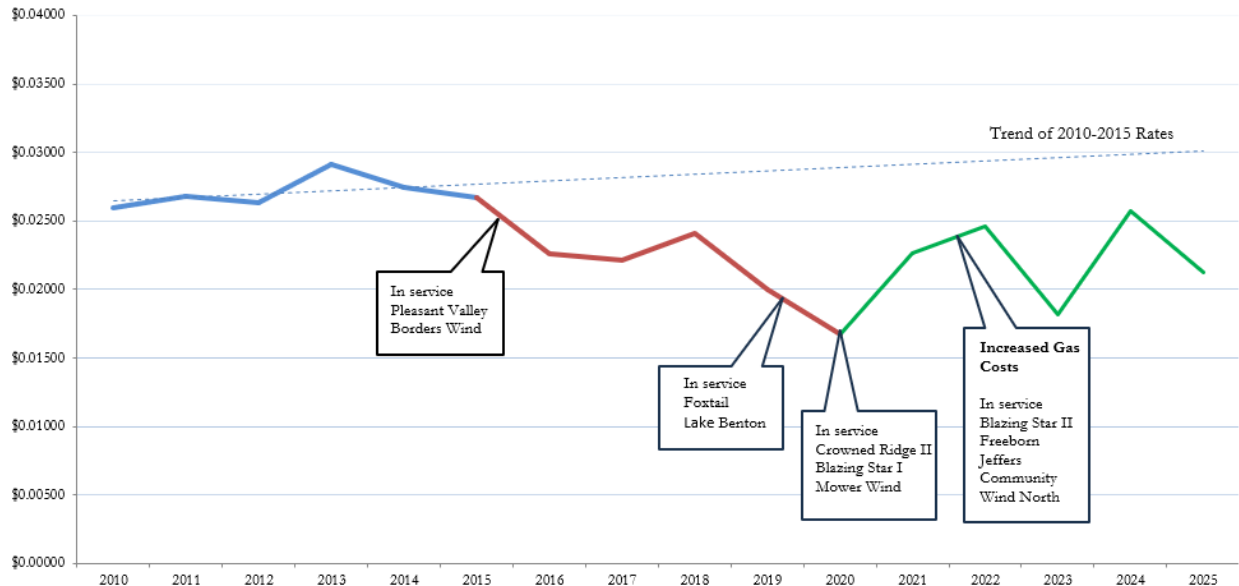


Figure 1 shows that, for example, the delta between the 2024 average rate (around 2.5 ¢/kWh) and the rate that would have been expected in 2024 based on the trend of costs from 2010 – 2015 (about 3.0¢/kWh) is approximately 0.5¢/kWh. For a typical residential customer using 750 kWh a month, this reflects 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 2016-2025 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 – 2025)

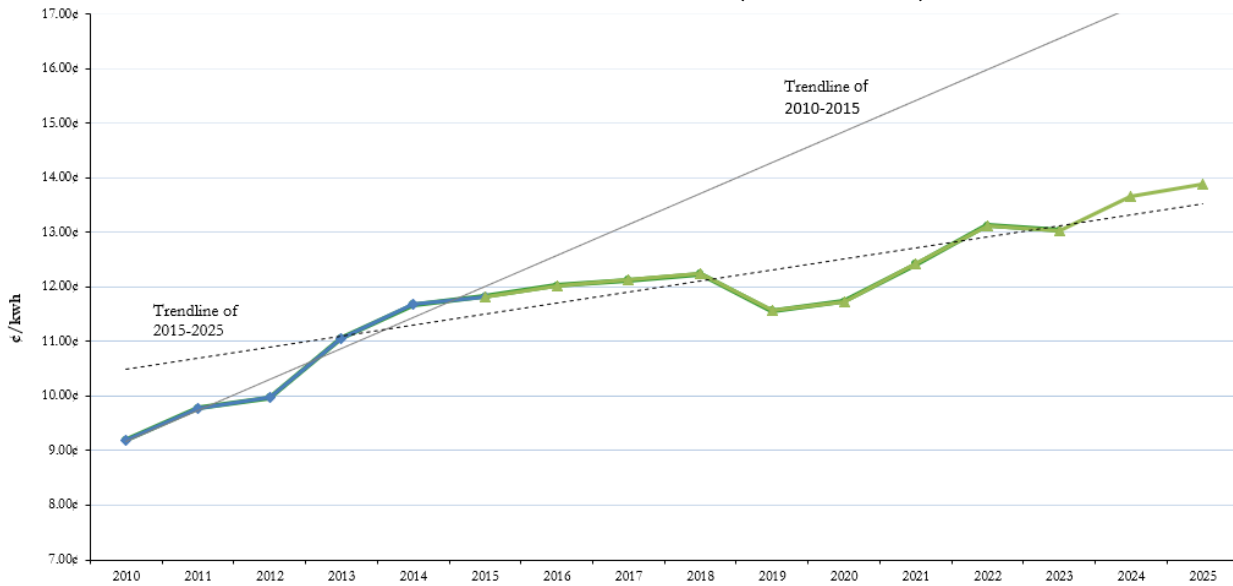


Figure 2 demonstrates that wind additions have driven lower overall energy costs for South Dakota consumers compared to costs anticipated if the wind was not added, as modeled by the Company in its various resource filings. Lower gas commodity costs also contributed to the lower fuel costs customers 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, however, fuel costs increased in 2021 and 2022. This increase was driven by higher natural gas commodity costs. While this increase in gas costs resulted in an increase in the FCC rates, the wind generation provides a hedge against fuel costs, keeping the fuel costs lower than they otherwise would have been without the wind additions.

IV. CONFIDENTIAL INFORMATION

We request confidential treatment of certain portions of Attachments 2, 3, 4, 5, 7, 8, 10, 12 and 13. 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 2, 3, 4, 5, 7, 8, 10, 12 and 13, 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 2, 3, 4, 5, 7, 8, 10, 12 and 14 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. The responses include CEII transmission system information. No public benefit extends from the disclosure of the aforementioned information. Only competitors and providers in the electric power market would benefit from the economic opportunity presented by the disclosure of this information to the potential detriment of the Company, its ratepayers, and shareholders. 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.

V. CONTACT INFORMATION

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

Xcel Energy
Victor Barreiro
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 \$0.003465 per kWh for 2027 as described in this filing, subject to a rate adjustment made in the Company's forthcoming Supplemental filing to account for known 2026 nuclear PTCs in early 2027. 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, 2026

Northern States Power Company