



500 West Russell Street  
Sioux Falls, SD 57101

June 1, 2022

—Via Electronic Filing—

Patricia Van Gerpen  
Executive Director  
South Dakota Public Utilities Commission  
Capitol Building, 1<sup>st</sup> Floor  
500 East Capitol Avenue  
Pierre, SD 57501

RE: ANNUAL REPORT OF JURISDICTIONAL EARNINGS  
SOUTH DAKOTA JURISDICTION  
DOCKET NOS. EL07-007 AND EL07-026

Dear Ms. Van Gerpen:

Pursuant to the orders in the Transmission Cost Recovery Rider and Environmental Cost Recovery Rider, Docket Nos. EL07-007 and EL07-026, Northern States Power Company, doing business as Xcel Energy, provides its report of jurisdictional earnings for the calendar year 2021.

In both dockets, settlement stipulations agreed to by Commission Staff and the Company, and approved by the Commission via orders dated January 13, 2009, specify that Xcel Energy shall provide to the Commission by June 1 of each year a report of our South Dakota jurisdictional earnings (Cost of Service Study) for the preceding calendar year. The report is to show, among other things, the overall rate of return and return on equity (ROE) earned, and the South Dakota revenue excess or deficiency based on the ROE authorized in the last rate case. The determinations are to be presented on an actual and weather-normalized basis and should reflect South Dakota ratemaking practices.

We note that, in this filing, we have refined our approach for weather-normalizing cost allocations to ensure the costs allocated to each of our jurisdictions more closely align with the allocations established in their respective rate setting proceedings and reflect their respective contributions to the system. Most notably, in addition to adjusting electric sales for the impact of weather, we are applying weather normalization to the jurisdictional and system peaks in calculating the 12-month coincident peak “demand allocator,” which is used to assign most generation and transmission-related costs. Through this process, we are able to identify the hour when each monthly peak would have occurred under normal weather conditions for both the entire system and each state served by the Company. Extending the

weather-normalization process to the demand component of electric loads means that a more accurate determination of weather-normalized revenues and allocated system costs can be made for each state jurisdiction. This addresses volatility we have experienced in allocations due exclusively to weather-based variances in monthly peak-day demand between Minnesota, North Dakota, and South Dakota, and aligns weather normalized revenue with costs. We are implementing this change in each of these jurisdictions' 2021 annual reports.

Please add the following people to the service lists for Docket Nos. EL07-007 and EL07-026:

Mr. Steven Kolbeck Principal Manager Xcel Energy 500 W. Russell St. PO Box 988 Sioux Falls, SD 57101-0988 <a href="mailto:Steven.T.Kolbeck@XcelEnergy.com">Steven.T.Kolbeck@XcelEnergy.com</a> (605) 339-8350	Ms. Lynnette Sweet Case Specialist Xcel Energy 414 Nicollet Mall, 401 7th Floor Minneapolis, MN 55401 <a href="mailto:Regulatory.Records@xcelenergy.com">Regulatory.Records@xcelenergy.com</a> (612) 330-5532
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Pursuant to ARSD § 20:10:01:41, the Company respectfully requests confidential treatment of certain information provided in this report. The Company addresses the Commission's five factors for consideration of confidential data as follows:

- (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:**

The ROE is considered confidential, trade secret information. Therefore, we present our revenue deficiency based on an overall rate of return, the components of which are marked as confidential, but are based on the Company's actual capital structure, cost of long-term debt and approved ROE from the last case.

- (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 the data contained in this report be treated as confidential forever.

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

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- (4) The statutory or common law grounds and any administrative rules under which confidentiality is requested. Failure to include all possible grounds for confidential treatment does not preclude the party from raising additional grounds in the future:**

The ROE approved in the Company's last rate case (Docket No. EL14-058) is protected trade secret information under SDCL §1-27-1.5 and SD Admin. R. 20:10:01:39.

- (5) The factual basis that qualifies the information for confidentiality under the authority cited:**

The information 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.

Please contact me if you have any questions regarding this filing.

SINCERELY,

/s/

STEVE KOLBECK  
PRINCIPAL MANAGER, SOUTH DAKOTA

CC: Service List

Enclosure