

- ☐ Non Public Document – Contains Confidential Data
☐ Public Document – Confidential Data Excised
☒ Public Document

Xcel Energy

Docket No.: EL18-023

Response To: South Dakota Public Utilities Commission Data Request No. 1-7

Requestor: South Dakota Public Utilities Commission Staff

Date Received: September 27, 2018

Question:

Provide the discount rate used in the 2017 and 2019 benefit/cost models and the justification for using that discount rate.

Response:

For 2017, the discount rate used was **[CONFIDENTIAL DATA BEGINS HERE
CONFIDENTIAL DATA ENDS HERE]**

For 2019, the discount rate used was **[CONFIDENTIAL DATA BEGINS HERE
CONFIDENTIAL DATA ENDS HERE]**

or results on Plans that were filed with and approved by the South Dakota PUC, the discount rate approved under the initially filed Plan is also used to file the report of actual results. For the 2017 results, the discount rate used in the approved plan is noted above and has been used in the report of results. The NSP-MN weighted average cost of capital (WACC) was used rather than the NSP-SD WACC due since it was analogous to the development of avoided generation, avoided transmission, and avoided energy used in our cost benefit analysis.

However, for the 2019 Plan, the Company utilized the NSP-SD WACC that was active at the time of filing. As of the time of the 2019 Plan filing, the most recently approved WACC in South Dakota is noted above; this value was therefore used in the 2019 Plan. Although, we have used different numbers in the past the Company intends to move forward utilizing the most recent WACC in South Dakota as the discount rate in our Plan. This adjustments provides consistency between how our DSM Rider is calculated and the assumptions used in our Cost Benefit Analysis.

In accordance with South Dakota Admin. R. 20:10:01:39 through 42, Xcel Energy

respectfully requests confidential treatment of certain information contained in this Information Request as well as the trackers in Attachment A. In compliance with South Dakota Admin. R. 20:10:01:41, we have clearly marked Attachment A with the term “CONFIDENTIAL”. A public non-confidential version will be filed simultaneously.

Pursuant to S.D. Codified Laws Chapter 20:10:01:41, the Company submits the following justification for confidential treatment of this data request.

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

We request confidential treatment on the grounds that the material is proprietary and trade secret information, the disclosure of which would result in material damage to the Company’s financial or competitive position. The data request contains financial information that is not available to the general public.

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

The Company requests that the petition be recognized as confidential in perpetuity.

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

Steve Kolbeck
Principle Manager – South Dakota
Xcel Energy
500 W. Russell Street
P.O. Box 988
Sioux Falls, South Dakota 57101
(605) 339-8303

(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 Company requests confidential treatment because the information is both

trade secret and proprietary. The claim for confidential treatment is based on South Dakota Admin. R. 20:10:01:39 (4) and S.D. Codified Laws Chapter 1-27-30. The information contained within the referenced documents meets the definition of “trade secret” under S.D. Codified Laws Chapter 37-29-1(4)(1), the South Dakota Uniform Trade Secrets Act, which is defined as information that “[d]erives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and... is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.” The information also meets the definition of “proprietary information” under S.D. Codified Laws Chapter 1-27-28, which is defined as “information on pricing, costs, revenue, taxes, market share, customers, and personnel held by private entities and used for that private entity's business purposes.”

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

Consistent with the terms of the Settlement Stipulation approved by the Commission in the Company’s 2012 electric rate case (Docket EL12-046), the rate of return on equity, which is an input in deriving the weighted average cost of capital, is confidential.

Preparer:	Erin Buchanan
Title:	Technical Consultant
Department:	Customer Solutions
Telephone:	612-342-9037
Date:	October 12, 2018