

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

**IN THE MATTER OF THE)
APPLICATION OF NORTHERN)
STATES POWER COMPANY DBA)
XCEL ENERGY FOR AUTHORITY TO)
INCREASE ITS ELECTRIC RATES)**

**ORDER APPROVING
INFRASTRUCTURE RIDER ANNUAL
COMPLIANCE FILING AND UPDATE**

EL12-046

On June 29, 2012, the South Dakota Public Utilities Commission (Commission) received an Application for Authority to Increase Electric Rates in South Dakota (Application) filed by Northern States Power Company dba Xcel Energy (Xcel) for approval to increase rates for electric service to customers in its South Dakota service territory by approximately \$19.368 million annually or approximately 11.53% based on Xcel's 2011 test year. Xcel stated that a typical residential electric customer using 750 kWh per month would see an increase of 12.7%, or \$9.82 per month and would potential affect approximately 85,000 customers in South Dakota. On March 15, 2013, the Commission's staff (Staff) filed a Joint Motion for Approval of Settlement Stipulation, Settlement Stipulation, and Staff Memorandum. On March 19, 2013, Xcel filed its Interim Rate Refund Plan. On April 18, 2013, the Commission issued an Order Granting Joint Motion for Approval of Settlement Stipulation; Order Approving Refund Plan (Order). In exchange for Xcel's agreement not to file an application for an increase in base rates which would go into effect prior to January 1, 2015, the Settlement Stipulation approved by the Order included an Infrastructure Rider to recover specific major capital additions that were placed in-service in late 2012 or were expected to be placed in-service in 2013 and any changes in 2013 property taxes from the property taxes included in the test year. The Infrastructure Rider provides that the Adjustment Factor may be adjusted annually subject to a compliance filing with the Commission and that any such revisions to the Infrastructure Rider Adjustment Factor shall apply to bills rendered on and after January 1.

On October 1, 2013, Xcel filed an Infrastructure Rider Annual Compliance Filing and Update and associated revised tariff sheet. The revised tariff sheet proposed for approval by Xcel, effective for service rendered on and after January 1, 2014, is as follows:

South Dakota Electric Rate Book – SDPUC No. 2

Section No. 5

1st Revised Sheet No. 74

Cancelling Original Sheet No. 74

On November 27, 2013, Staff filed a Staff Memorandum and Attachments setting forth Staff's analysis and recommendations as of such date. On December 2, 2013, Xcel filed its Responses to Staff's Data Requests 1-3 through 1-7 and Attachments. On December 2, 2013, Xcel also filed a Revised Response to Staff's Data Request 1-4 and Attachments. On December 3, 2013, Staff filed a letter setting forth in writing the substance and basis for Staff's revised analysis and recommendations presented orally to the Commission when this matter was considered at the Commission's regular meeting on December 3, 2013.

The Commission has jurisdiction over this matter pursuant to SDCL Chapters 1-26 and 49-34A, including 1-26-20, 49-34A-3, 49-34A-6, 49-34A-8, 49-34A-8.4, 49-34A-10, 49-34A-11, 49-34A-12, 49-34A-13, 49-34A-13.1, 49-34A-14, 49-34A-17, 49-34A-19, 49-34A-19.1, 49-34A-19.2, 49-34A-21, and 49-34A-22.

The Commission considered this matter at its regular meeting on December 3, 2013. Xcel informed the Commission that a verbal agreement had been reached between Xcel and Staff regarding the appropriate allocation factors to be used in setting the Infrastructure Rider rates. Staff explained that the agreement was a compromise to resolve a difference of interpretation of the phrase "actual costs" in the Settlement Stipulation approved in the Order and that the compromise was to use the allocators approved in the rate case settlement for the projects included in the rider in 2013 and use the updated forecasted allocators beginning in 2014, with the forecasted allocators subject to true-up to actual allocators. Staff also stated with respect to the other issue of concern expressed in its memorandum, project cost increases, that after reviewing Xcel's Responses and Revised Responses to Staff's Data Requests, Staff was comfortable with the justification provided by Xcel, subject to true-up to reflect actual costs. However, as Staff's review was limited, Staff recommended that the Commission allow for future reconsideration if any additional information is provided with respect to project costs between now and during the Company's future rider updates and/or rate case. Following questions and a discussion involving a study being undertaken by the Minnesota PUC regarding the prudence of Xcel's cost overruns with the Monticello LCM/EPU project, the Commission voted unanimously to approve the Infrastructure Rider Annual Compliance Filing and Update, subject to the cost and allocator true-ups recommended by Staff, and also with the Monticello plant upgrade costs subject to prudence review and true-up at such time as the MPSC study has been completed and made available for review. It is therefore

ORDERED, that Infrastructure Rider Annual Compliance Filing and Update is approved, subject to the cost and allocator true-ups recommended by Staff as described above and in Staff's December 3, 2013 letter, and also with the Monticello LCM/EPU project costs subject to prudence review and true-up at such time as the MN PUC study has been completed and made available for review. It is further

ORDERED, that the aforementioned tariff sheet is approved for service rendered on and after January 1, 2014, subject to the condition that Xcel shall file revised tariff sheets reflecting the terms and conditions approved by the Commission in this order.

Dated at Pierre, South Dakota, this 9th day of December, 2013.

CERTIFICATE OF SERVICE	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, electronically.	
By:	<u>Joy Lashley</u>
Date:	<u>12.9.13</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

Gary Hanson
GARY HANSON, Chairman

Chris Nelson
CHRIS NELSON, Commissioner

Kristie Fiegen
KRISTIE FIEGEN, Commissioner