

Docket Number: EL12-046
Subject Matter: 10/01/13 Infrastructure Rider Compliance Filing Data Request 1
Request to: Northern States Power Company (NSP)
Request from: South Dakota Public Utilities Commission Staff
Date of Request: November 13, 2013
Responses Due: November 27, 2013

- 1-1. Refer to page 3 of the compliance filing where NSP states: "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 rate case."
 - a) The settlement was based on the allocation factors agreed to in the rate case. Explain why it is appropriate now to change the allocation factors, allocating significantly more costs to the South Dakota jurisdiction than was agreed to.
 - b) Explain why the production demand allocator (before and post I/A) continues to significantly increase for South Dakota.
- 1-2. Regarding all projects, please confirm all portions of each project are included under the parent work orders found on Exhibit C of the Settlement Stipulation.
- 1-3. Regarding all projects, please further explain the change in in-service dates from those anticipated in the settlement, per project. Most projects have been delayed, resulting in increased costs. Explain NSP's process for staying on track with estimated completion dates in order to avoid unnecessary cost overruns.
- 1-4. Refer to page 5 of the compliance filing regarding the Monticello EPU project.
 - a) Provide a more detailed description of each of the 4 bullet points on page 5 regarding the major reasons for the increase in expenditures. Provide a detailed breakdown of each cost overrun and the reason for the increase in cost.
 - b) Provide any documentation of management/board approval of the increased costs and additional scope.
 - c) Is the additional scope included in the parent work order 10245258?
 - d) Why was an extended outage necessary to complete the projects?
 - e) The filing states the in-service date moved to July 2013. However, according to the "Monti EPU" tab of "Infrastructure Rider Filing 2014 Rate.xls" provided on 10/08/2013, it appears there is an addition in January 2014. Please explain.
- 1-5. Regarding the Monticello Fire Model project:
 - a) Is the additional scope included in the parent work order 11043842? Was additional management/board approval required for the additional scope? If so, please provide documentation.
 - b) The compliance filing states the in-service date moved to December 2013. According to the "Monti Fire Model" tab of "Infrastructure Rider

Filing 2014 Rate.xls” provided on 10/08/2013, it appears there is another addition occurring in December 2014. Please explain.

- 1-6. Regarding the Prairie Island Casks project: The compliance filing states that two-thirds of the \$5.5 million TN-40HT Design and Licensing project associated with the casks was omitted in the original estimate.
 - a) Please further explain why this was omitted in the original estimate.
 - b) Is this portion of the project included in the original parent work order 11101498?

- 1-7. Regarding the 2013 property tax increase:
 - a) Please explain the increase in the amount included in the compliance filing compared to the amount included in the settlement.
 - b) Is the increase due to a property tax rate increase or additional plant?
 - c) Provide documentation to support the property tax increase.
 - d) Is the 2013 property tax increase amount included in the compliance filing a final actual amount?

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Xcel Energy

Docket No.: EL12-046

Response To: SD Public Utilities Commission Data Request No. 1-1

Requestor: Brittany Mehlhaff & Patrick Steffensen

Date Received: November 13, 2013

Question:

Refer to page 3 of the compliance filing where NSP states: “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 rate case.”

- a) The settlement was based on the allocation factors agreed to in the rate case. Explain why it is appropriate now to change the allocation factors, allocating significantly more costs to the South Dakota jurisdiction than was agreed to.
- b) Explain why the production demand allocator (before and post I/A) continues to significantly increase for South Dakota.

Response:

- a) The Company applies the jurisdictional allocation methodology approved in the last case, Docket No. EL12-046, with updated allocation factors that sync up the cost information to the appropriate time period being collected from customers.

The Infrastructure Rider is a forecast of future revenue needs related to the specific projects and property tax. The allocation factors are consistent with the projected sales for the period. The jurisdictional demand allocator is calculated as a ratio of the South Dakota peak customer usage to our system peak customer usage for that same period. Using demand value periods consistent with energy usage periods has been consistently approved by the Commission in our TCR and ECR rider applications.

It is important to match the costs with the allocation factors applicable to the time period the rider is in effect. It would be inappropriate to have a period for peak usage that is different from the energy usage period that is used to set the

rate. Failure to keep these factors in sync will result in an over or under collection for a given period. This matching allows both parties to be kept whole for changes in sales and the allocation factors. Faster growing usage in South Dakota means increased cost causation on our transmission system and thus increased cost responsibility for the South Dakota jurisdiction.

- b) The increase in the production demand allocator both pre and post Interchange Agreement is due to two factors. First, the projected sales forecast for 2013 and 2014 have sales in South Dakota and North Dakota increasing from the 2011 actual sales levels while sales in the state of Minnesota are projected to be lower. Second, both the Company and the Wisconsin Company have lost wholesale customers the past couple of years as those customers opted out of their contracts. The loss of the loads associated with those customers in jurisdictions other than South Dakota thereafter impacted the allocation between the NSP-Minnesota jurisdictions of South Dakota, North Dakota and Minnesota.

Response By: Thomas E. Kramer
Title: Principal Rate Analyst
Department: Revenue Requirements - North
Telephone: 612-330-5866
Date: November 22, 2013

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Xcel Energy

Docket No.: EL12-046

Response To: SD Public Utilities Commission Data Request No. 1-2

Requestor: Brittany Mehlhaff & Patrick Steffensen

Date Received: November 13, 2013

Question:

Regarding all projects, please confirm all portions of each project are included under the parent work orders found on Exhibit C of the Settlement Stipulation.

Response:

Yes, each project listed on Exhibit C by parent work order includes all portions of the project. Projects are forecasted at the parent work order level and actual work on that project will be charged to one or several “child” work orders under that parent work order.

Response By: Jason Hegna

Title: Principal Financial Consultant

Department: Capital Asset Accounting

Telephone: 612-330-5737

Date: November 22, 2013