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Xcel Energy

Docket No.: EL12-046

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

Requestor: Brittany Mehlhaff & Patrick Steffensen

Date Received: November 13, 2013

Question:

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?

Response:

- a) The increase in the 2013 property tax expense included in the compliance filing compared to the amount included in the settlement is primarily related to an increase in Minnesota property tax. The 2011 Minnesota property tax used to calculate the amount included in the settlement was approximately \$135 million compared to 2013 Minnesota property tax forecast of \$172 million used to calculate the compliance filing. The increase is also impacted by the change in the South Dakota jurisdictional allocator which is discussed in Data Request 1-1.
- b) The increase is due to a combination of items and as shown in Attachment A, the increase in Minnesota property tax was primarily driven by increased investment (plant and income), an increase in effective tax rate, and a decrease in the capitalization rate. These increases were partially offset by a decrease in property tax related to a change in the Department of Revenue weightings for cost and income indicators of value.
- c) See Attachment A.

- d) No. The 2013 property tax amounts are forecasted and will be finalized when the final property tax bills are received from the jurisdictions in 2014. Any difference between the final property tax determination and the forecast would get captured in the tracker balance and rolled into the 2015 calculation.
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Response By: Leanna Chapman & Thomas E Kramer
Title: Team Lead, Sales/Use & Property Tax Reporting & Principal Rate Analyst
Department: Tax Services/Revenue Requirements - North
Telephone: 612-330-5622/612-330-5866
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