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Xcel Energy

Docket No.: EL12-046

Response To: South Dakota Public  
Utilities Commission

Data Request No.

Requestor:

2-14

Date Received: July 30, 2012

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Question:

Please refer to work paper PF4-2.

- a) How often does NSP adjust the South Dakota transmission allocator?
- b) Please reconcile the 5.5961% used for this allocator in 2009 through 2011 with the 5.58% used in Work Paper A12-2 for the LiDAR Tree Trimming adjustment in your most recent Minnesota Rate Case, MPUC Docket No. E002/GR-10-971.
- c) Please explain the main driver for the steady growth in Vegetation Management expense over the last five years.

Response:

- a) NSPM calculates a South Dakota jurisdiction transmission allocator for each historic calendar year when actual sales information is available. In addition, allocators are calculated for each forecasted year whenever a new sales forecast is developed by the Company.
- b) The South Dakota transmission allocator used in EL12-046/PF4-2 (5.5961%) was based on the 2010 actual sales.

The Company used this allocator in the calculation of the Vegetation Management adjustment in Docket Number EL11-019/PF-27. The South Dakota PUC requested a 2011 update of Vegetation Management expenses in Data Request 6-03 of EL11-019, and at that time, data necessary to calculate a 2011 transmission allocator was not available.

To maintain consistency, the Company used the 2011 data provided in response to DR 6-03 of EL11-019 as the basis for the Vegetation Management adjustment in EL12-046/PF4-2.

Based on 2011 actual sales, the 2011 South Dakota transmission allocator is 5.7712%. If EL12-046/PF4-2 used the South Dakota transmission allocator based on 2011 actual sales data, the Vegetation Management adjustment would be increased by \$7,281. Please see Attachment A with this response for the calculation of this revision. The Company will make a \$7,281 adjustment in rebuttal testimony to reflect this change.

The transmission allocator used in the Minnesota Electric Rate Case, MPUC Docket No. E002/GR-10-971, Work Paper A12-2 was calculated using 2011 forecast test year sales, not actual 2011 sales.

- c) Steady growth in Vegetation Management expenses is primarily due to contractor rates increasing 2-3% annually. In addition, the scheduled work completed in a given year to maintain appropriate cycles of maintenance on each transmission and distribution circuit contributes to annual changes in expenses. The length and tree density on each circuit is unique, and maintenance expense on each line can vary from year to year.

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Date: August 16, 2012

	Transmission Portion	Distribution Portion	Total
Original Vegetation Management Adjustment	(17,210)	(58,767)	(75,977)
With Updated Transmission Allocator	(19,313)	(63,946)	(83,259)
Total Change to Vegetation Mgmt Adjustment	(2,103)	(5,178)	(7,281)

**NSP Minnesota State of South Dakota Actual Vegetation Mgmt Expenses - AS FILED IN EL12-046 / PF4-**

	Distribution	SD Transmissior	Total	Note
2007	\$ 921,236	\$ 191,250	\$ 1,112,486	As filed in the 2008 test year case
2008	\$ 944,836	\$ 219,861	\$ 1,164,697	As filed in the 2008 test year case
2009	\$ 972,555	\$ 253,382	\$ 1,225,938	As filed in the 2010 test year case
2010	\$ 970,095	\$ 283,580	\$ 1,253,675	As filed in the 2010 test year case
2011	\$ 993,285	\$ 290,886	\$ 1,284,171	As filed in the 2010 test year case
			<b>\$ 6,040,967</b>	

Note: In the 2008 test year case, the 2007 SD Dist amount incorrectly included \$791,020 of ND veg mgmt. This has been corrected.	5 Yr Average	\$ 1,208,193
	2011 Actual	\$ 1,284,171
	Test Year Adj	\$ (75,977)
	Portion Tran	\$ (17,210)
	Portion Dist	\$ (58,767)

**The tree trimming costs reflect contract labor and equipment, but do not include any internal labor or management costs associated with NSP Minnesota tree trimming costs.**

**Distribution**

NSPMn 2009 Actual	NSPMn 2010 Actual	NSP Mn 2011 Actuals	Bus Unit Full Desc	Posting Full Acct Desc	Lvl 0 Desc BC24
54,655	44,496	1	893710 Dir Veg Mgmt SD ED583	713050 Contract LT Outside Vendor	MN Utility Preside
898,923	906,081	943,129	893720 Dir Veg Mgmt SD ED595	713050 Contract LT Outside Vendor	MN Utility Preside
18,977	19,518	50,155	893725 Dir Veg Mgmt SD ED592	713050 Contract LT Outside Vendor	MN Utility Preside
972,555	970,095	993,285	Total		

**Transmission**

NSPM 2009 Actual	NSPM 2010 Actual		Bus Unit Full Desc	Posting Full Acct Desc	Lvl 0 Desc BC24
173,213	190,389	234,074	894463 DIR Veg Mgmt MN ET570	713050 Contract LT Outside Vendor	MN Utility Preside
4,249,219	4,812,239	4,748,266	894460 Dir Veg Mgmt MN ET571	713050 Contract LT Outside Vendor	MN Utility Preside
19,982	21,819		893763 Dir Veg Mgmt SD ET570	713050 Contract LT Outside Vendor	MN Utility Preside
41,823	20,770	114,130	893760 Dir Veg Mgmt SD ET571	713050 Contract LT Outside Vendor	MN Utility Preside
19,538	15,882		894763 Dir Veg Mgmt ND ET570	713050 Contract LT Outside Vendor	MN Utility Preside
24,065	6,354	101,539	894760 Dir Veg Mgmt ND ET571	713050 Contract LT Outside Vendor	MN Utility Preside
4,527,841	5,067,453	5,198,009	Total		
5.5961%	5.5961%	5.5961%	% to SD		
253,382	283,580	290,886	SD Transmission		

**NSP Minnesota State of South Dakota Actual Vegetation Mgmt Expenses - With 2011 ACTUAL TRANSM**

	Distribution	SD Transmissior		Total	Note
2007	\$ 921,236	\$ 191,250	\$	1,112,486	As filed in the 2008 test year case
2008	\$ 944,836	\$ 219,861	\$	1,164,697	As filed in the 2008 test year case
2009	\$ 972,555	\$ 253,382	\$	1,225,938	As filed in the 2010 test year case
2010	\$ 970,095	\$ 283,580	\$	1,253,675	As filed in the 2010 test year case
2011	\$ 993,285	\$ 299,987	\$	1,293,272	As filed in the 2010 test year case
			<b>\$</b>	<b>6,050,069</b>	

Note: In the 2008 test year case, the 2007 SD Dist amount incorrectly included \$791,020 of ND veg mgmt. This has been corrected.	5 Yr Average	\$	1,210,014
	2011 Actual	\$	1,293,272
	Test Year Adj	\$	(83,259)
	Portion Tran	\$	(19,313)
	Portion Dist	\$	(63,946)

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