

Supporting Documentation for Updated DSM Cost Adjustment Factor

The following is information specified in South Dakota Administrative Rule 20:10:13:26 regarding the updated DSM Cost Adjustment Factor:

(1) Name and address of the public utility;

Xcel Energy
500 West Russell Street
Sioux Falls, South Dakota 57104
(605) 339-8350

(2) Section and sheet number of tariff schedule;

Xcel Energy proposes to update DSM Rate tariff sheet number 73 in Section 5 of the Xcel Energy South Dakota Electric Rate Book. Pages 6-9 of this attachment includes the proposed tariff sheets with the updated DSM Rate.

(3) Description of the change;

The proposed updated DSM Rate is designed to true up the slight over-recovery that occurred during the 2012-2013 period as well as recover all forecasted 2014 DSM expenditures and incentives.

(4) Reason for the change;

As proposed in the South Dakota DSM Plan and described in the DSM Cost Adjustment Factor tariff sheet, the Company plans to update the DSM Cost Adjustment Factor on an annual basis in the May 1 Status Report filing. The updated DSM Rate is designed to true up any over-recovery or under-recovery that exists in the tracker as well as recover the forecasted DSM expenditures and incentives for the upcoming year.

(5) Present rate;

Pursuant to the Commission's October 21, 2011 Order,¹ Xcel Energy implemented the approved rate of \$0.000496 per kWh effective January 1, 2012.

¹ Docket No. EL 11-013

(6) Proposed rate;

Xcel Energy requests a new DSM Cost Adjustment Factor of \$0.000486 per customer kWh.

(7) Proposed effective date of modified rate;

Xcel Energy requests this new DSM Cost Adjustment Factor of \$0.000486 per customer kWh be effective with the first billing cycle of January 2014. We request this rate remain in effect through December 2014 or until the Commission approves a new DSM Cost Adjustment Factor.

(8) Approximation of annual amount of increase or decrease in revenue;

This new DSM Cost Adjustment Factor of \$0.000486 per customer kWh is a decrease of \$0.000010 per kWh or two percent.

(9) Points affected;

The proposed updated DSM Rate would be applicable to all areas served by Xcel Energy in South Dakota.

(10) Estimation of the number of customers whose cost of service will be affected and annual amounts of either increases or decreases, or both, in cost of service to those customers;

The proposed electric tariff will apply to all customers throughout all customer classes as described within the filing. Xcel Energy presently serves just over 84,000 electric customers in 36 communities in eastern South Dakota.

(11) Statement of facts, expert opinions, documents, and exhibits to support the proposed changes.

A narrative for the calculation of the updated rate is included in the DSM Cost Adjustment Factor Report section of this filing. The following pages of this attachment include the forecasted 2013 and 2014 DSM Trackers, which are referenced in the narrative, along with the proposed customer bill insert message and the proposed updated tariff sheets in both redline and clean versions.

Table 1: 2013 DSM Tracker Forecast, With Cost Recovery in 2013

Northern States Power Company State of South Dakota- Electric Utility DSM Cost Recovery & Incentive Mechanism - Total 2013 Forecast													
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Annual</u>
<u>EXPENSES</u>													
[CONFIDENTIAL DATA HAS BEEN EXCISED]													
1. Balance													
2. CIP Program Expenditures													
3. 2012 Performance Incentive													
4. Total Expenses + Incentive (Line 1 + 2 + 3)													
<u>RECOVERY</u>													
5. CIP Adjustment Factor Rate (\$/MWh)													
6. CIP Adjustment Factor Recovery (Factor times Sales)													
7. Sub-Balance (Line 4 - 6)													
8. Accum Deferred Tax (Line 7 * 35%)													
9. Net Investment (Line 7 - 8)													
10. Carrying Charge (Line 9 * carrying charge)													
11. End of Month Balance (Line 7 + 10)													
	CONFIDENTIAL DATA HAS BEEN EXCISED												

Table 2: 2014 DSM Tracker Forecast, With Cost Recovery in 2014

Northern States Power Company State of South Dakota- Electric Utility DSM Cost Recovery & Incentive Mechanism - Total 2014 Forecast													
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Annual</u>
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Proposed Customer Bill Notice

DSM Cost Adjustment Factor Decrease Effective January 1, 2014

Xcel Energy offers a variety of load management and demand side management (DSM) programs to our South Dakota customers to help them reduce their home's usage. The South Dakota Public Utilities Commission has approved a new Demand Side Management (DSM) Cost Adjustment Factor as a separate line item on your monthly electric bill to recover the cost of our load management and DSM programs. Beginning January 1, 2014, the rate factor will decrease from \$0.000496 per kWh to \$0.000486 per kWh.

Residential Electric Service – Winter Month Bill Example

This chart provides a comparison of customer bills by applying the prior DSM rate vs. the new DSM rate.

Usage (kWh)	Prior Rates				New Rates				Amount of Bill Decrease	Percent Decrease
	Other Rates	Prior DSM Factor	Prior DSM	Prior Bill	Other Rates	New DSM Factor	New DSM	New Bill		
400	\$49.81	\$0.000496	\$0.20	\$50.00	\$49.81	\$0.000486	\$0.19	\$50.00	\$0.00	0.00%
500	\$60.20	\$0.000496	\$0.25	\$60.45	\$60.20	\$0.000486	\$0.24	\$60.44	(\$0.01)	-0.02%
600	\$70.58	\$0.000496	\$0.30	\$70.88	\$70.58	\$0.000486	\$0.29	\$70.87	(\$0.01)	-0.01%
750	\$86.17	\$0.000496	\$0.37	\$86.54	\$86.17	\$0.000486	\$0.36	\$86.53	(\$0.01)	-0.01%
1000	\$112.14	\$0.000496	\$0.50	\$112.63	\$112.14	\$0.000486	\$0.49	\$112.62	(\$0.01)	-0.01%
2000	\$214.35	\$0.000496	\$0.99	\$215.34	\$214.35	\$0.000486	\$0.97	\$215.32	(\$0.02)	-0.01%

For more information

You may examine the new rate rider by visiting our website at xcelenergy.com/sdrates. If you have further questions, please contact Xcel Energy at **1-800-895-4999**.

Legislative

Northern States Power Company, a Minnesota corporation
Minneapolis, MN 55401

PROPOSED

SOUTH DAKOTA ELECTRIC RATE BOOK - SDPUC NO. 2

**DEMAND SIDE MANAGEMENT COST
ADJUSTMENT FACTOR**

Section No. 5
~~Original~~ 1st Revised Sheet No. 73
Cancelling Original Sheet No. 73

APPLICATION

Applicable to bills for electric service provided under the Company's retail rate schedules.

RIDER

There shall be included on each customer's monthly bill a Demand Side Management Cost Adjustment, which shall be calculated by multiplying the monthly applicable billing kilowatt hours (kWh) by the Demand Side Management Factor (DSM Factor). This Demand Side Management Cost Adjustment shall be calculated before city surcharge and sales tax.

DETERMINATION OF DSM FACTOR

A DSM Factor shall be calculated by dividing the forecasted balance of the DSM Tracker Account (Tracker), including any True Up, by the Forecasted Retail Sales for the Next Recovery Period. The DSM Factor shall be rounded to the nearest \$0.000001 per kWh.

The DSM Factor may be adjusted annually with approval of the South Dakota Public Utilities Commission (Commission). The DSM Factor is:

All Customers ~~\$0.000496~~ \$0.000486 per kWh

DSM Tracker shall include all annual expenses, costs and incentives associated with demand side management programs and that are approved by the Commission. All revenues recovered pursuant to the Demand Side Management Cost Adjustment shall be credited to the Tracker.

Forecasted Retail Sales shall be the estimated total retail electric sales for the Next Recovery Period.

Next Recovery Period shall be that period that begins January 1 and ends December 31 following the Company's most recent May 1 filing.

TRUE-UP

True Up shall include the difference between the revenues received from customers and actual expenditures for the most recent recovery period ending December 31.

A True Up will be included in each annual May 1 filing beginning with the May 1, 2013 filing. The 2012 DSM Factor calculation will not include a True Up due to no previous cost or revenue activity prior to implementation of the Demand Side Management Cost Adjustment in 2012. Beginning with the Company's request submitted on May 1, 2013, the DSM Factor may include a True Up.

Date Filed: ~~05-27-11~~ 05-01-13 By: Judy M. Poferi Effective Date: ~~01-01-12~~
President and CEO of Northern States Power Company, a Minnesota corporation
Docket No. ~~EL11-01313-~~ Order Date: ~~10-21-11~~

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Non-Legislative

PUBLIC

Northern States Power Company, a Minnesota corporation
Minneapolis, MN 55401

PROPOSED

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Date Filed: 05-01-13

By: Judy M. Pofert

Effective Date:

President and CEO of Northern States Power Company, a Minnesota corporation

Docket No. EL13-

Order Date: