

**Northern States Power Company
Electric Utility – South Dakota
Alternative Proposal – 2015 Infrastructure Rider
Example Tariff Language**

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 an Infrastructure Rider adjustment charge, which shall be the Infrastructure Rider Adjustment Factor multiplied by the customer's monthly billing kWh for electric service. This Infrastructure Rider adjustment charge shall be calculated before any city surcharge or city and state sales tax.

DETERMINATION OF INFRASTRUCTURE RIDER ADJUSTMENT FACTOR

The Infrastructure Rider Adjustment Factor shall be calculated by dividing the forecasted balance of the Infrastructure Rider Tracker Account by the forecasted retail sales for the upcoming recovery period. The Infrastructure Rider Adjustment Factor shall be rounded to the nearest \$0.000001 per kWh.

The Infrastructure Rider Adjustment Factor may be adjusted annually subject to a compliance filing with the South Dakota Public Utilities Commission (Commission). Revisions to the Infrastructure Rider Adjustment Factor shall apply to bills after (date of implementing final rates in Docket 14-____) and to bills rendered on and after each subsequent January 1 until such time as the costs recovered through the Infrastructure Rider are recovered through base rates in a subsequent rate case. The initial Infrastructure Rider Adjustment Factor for all rate schedules is:

All Customers	\$0.001267 per kWh
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Recoverable Capital Costs shall be the annual revenue requirements associated with those capital projects specified herein expected to be placed in service in 2015, if determined by the Commission to be eligible for recovery under this Infrastructure Rider, and not included in the calculation of final base rates in Docket No. EL14-____.

Recoverable Property Taxes shall be the incremental change in property taxes between 2014 and 2015 incurred by the Company that are otherwise not included in base rates as determined in Docket No. EL14-____ or other rate recovery mechanisms.

Determination of the Infrastructure Rider Adjustment Factor (continued)

A standard model will be used to calculate the total forecasted revenue requirements for each eligible project and eligible property taxes for the designated period, including a carrying cost. All costs appropriately charged to the Infrastructure Rider Tracker Account shall be eligible for recovery through this Infrastructure Rider, and all revenues recovered from Infrastructure Rider Adjustment Factors shall be credited to the Infrastructure Rider Tracker Account.

Forecasted retail sales shall be the estimated total retail electric sales for the designated recovery period.

Projects eligible for Inclusion in Infrastructure Rider

Projects eligible for recovery in the Infrastructure Rider effective on or after (date of implementing final rates in Docket 14-____) are those projects with 2015 in-service activity. The projects in-service in 2015 eligible for recovery in the Infrastructure Rider are: (1) Prairie Island ISFSI Relicensing; (2) Prairie Island Unit 2 Electric Generator Replacement; (3) Prairie Island Unit 2 Generation Step-Up Transformer Replacement; (4) Prairie Island Casks (#39-47); (5) Sherco Unit 1 Couton Bottom Replacement; (6) Sherco Unit 1 Mercury Control; (7) Pleasant Valley Wind; and (8) Border Winds.

The Year 1 Infrastructure Rider will be calculated to recognize a full year of annual revenue requirements for the projects in-service in 2014 and a partial year of recovery for the 2015 projects based on the expected 2015 projects' in-service dates. The Company will file an update on October 1, 2015 to revise the Infrastructure Rider Adjustment Factor to recognize a full year of annualized revenue requirements for the projects in-service in 2015.

The Company's compliance filing with the Commission shall provide the in-service date of the specific eligible project, the calculation of the annual revenue requirements for the project(s) placed in service, the eligible property taxes, and the forecasted retail sales. The Company shall provide notice to customers of the change in the Infrastructure Rider Adjustment Factor by a bill message in the month the change is effective.

TRUE-UP

An annual true-up will be filed by October 1 of each year, beginning in 2015, with any changes in the Infrastructure Rider Adjustment Factor implemented the following January 1. The Infrastructure Rider will be updated to true-up the difference between actual costs and revenues for the prior period, reconciling any differences between estimated cost and in-service date and actual cost and in-service date, and include projected revenue requirements for the tracker projects in the following year applying forecasted jurisdictional allocators for that period and including any property

taxes incurred but otherwise not yet included in rates, the Infrastructure Rider, or other rate recovery mechanisms. This process of true up to actual costs and reset of the Infrastructure Rider factor based on forecast for the following year will continue until the revenue requirements related to projects in the rider are moved into base rates in a future rate case. For each annual true-up, the Infrastructure Rider revenue requirements and carrying cost shall be calculated using the rate of return established in Docket No. EL14-_____.