

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 include 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 cost recovery which is slightly under budget that was forecasted to occur during 2015-2016 timeframe, as well as recover all forecasted 2017 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 December 16, 2015 Order,¹ Xcel Energy implemented the approved rate of \$0.000448 per kWh effective January 1, 2016.

¹ Docket No. EL 15-015

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(6) Proposed rate;

Xcel Energy requests a new DSM Cost Adjustment Factor of \$0.000507 per customer kWh.

(7) Proposed effective date of modified rate;

Xcel Energy requests this new DSM Cost Adjustment Factor of \$0.000507 per customer kWh become effective with the first billing cycle of January 2017. We request this rate remain in effect through December 2017 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 \$0.000507 per customer kWh is an increase of \$0.000059 per kWh or 13 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 90,600 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 2016 and 2017 DSM Trackers, which are referenced in the narrative, along with the proposed customer bill onsert message and the proposed updated tariff sheets in both redline and clean versions.

Table 1: 2016 DSM Tracker Forecast, With Cost Recovery in 2016

Northern States Power Company State of South Dakota- Electric Utility DSM Cost Recovery & Incentive Mechanism - Total 2016 Forecast													
	January	February	March	April	May	June	July	August	September	October	November	December	Total
2016 EXPENSES	[CONFIDENTIAL DATA BEGINS]												
1. Balance													
2. DSM Program Expenditures													
3. Total Incentive (Line 2 * 30%)													
4. Total Expenditures + Incentive (Line 2 + 3)													
RECOVERY													
5. DSM Adjustment Factor (\$/MWh)													
6. Calendar Month Sales Volume Forecast (MWh)													
7. Total Cost Recovery (Line 5*6)													
8. Sub-Balance (Over/Under Recovery) (Line 1 + 4 - 6)													
9. Accum Deferred Tax (Line 7 * 35%)													
10. Net Investment (Line 7 - 8)													
11. Carrying Charge Rate													
12. Carrying Charge (Line 9 * carrying charge)													
13. End of Month Balance (Line 7 + 10)													
	[CONFIDENTIAL DATA ENDS]												

Table 2: 2017 DSM Tracker Forecast, With Cost Recovery in 2017

Northern States Power Company State of South Dakota- Electric Utility DSM Cost Recovery & Incentive Mechanism - Total 2017 Forecast													
2017 EXPENSES	January	February	March	April	May	June	July	August	September	October	November	December	Total
[CONFIDENTIAL DATA BEGINS]													
1. Balance													
2. DSM Program Expenditures													
3. Total Incentive (Line 2 * 30%)													
4. Total Expenditures + Incentive (Line 2 + 3)													
RECOVERY													
5. DSM Adjustment Factor (\$/MWh)													
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