

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE PETITION OF)	ORDER APPROVING
NORTHERN STATES POWER)	DEMAND SIDE
COMPANY DBA XCEL ENERGY FOR)	MANAGEMENT PLAN, COST
APPROVAL TO ESTABLISH A)	RECOVERY TARIFF,
DEMAND SIDE MANAGEMENT)	INCENTIVE MECHANISM
PROGRAM AND COST RECOVERY)	AND RATE
TARIFF AND FOR APPROVAL OF ITS)	
2011 PLANNED COSTS TO BE)	EL11-013
INCLUDED IN ITS RATES	

On May 31, 2011, the Public Utilities Commission (Commission) received a Petition for a Demand Side Management Program and Adjustment Factor (Petition) from Northern States Power Company dba Xcel Energy (Xcel) requesting the Commission to approve the expansion of its demand side management programs through a new cost recovery tariff. Xcel proposed that the Demand Side Management (DSM) Plan be implemented through a new rider that would also include an incentive mechanism for the recovery of lost margins. Xcel proposed to recover the costs of the DSM Plan through an annually adjusted cost recovery rider that will appear as a separate line item on the customer's bill in the amount of \$0.000496 per kWh. Xcel proposed to file an annual status report and any proposed changes to the approved DSM Plan on May 1, 2013, and an annual report every May 1 thereafter. Xcel also requested that this DSM Plan replace the proposal it filed on December 31, 2009, in Docket EL09-030. Following discussions between Commission Staff and Xcel, on September 21, 2011, Staff filed a Staff Memorandum, attached to which as Appendix A was a revised Petition submitted by Xcel to accommodate Staff's request that the Ground Source Heat Pump program be removed from the Residential Programs portion of the DSM Plan due to its total resource cost-benefit ratio and that the funds originally budgeted toward such program be redirected to the Business Lighting Efficiency Program.

The tariff sheets are as follows:

Section No. 1, Third Revised Sheet No. 2, Canceling Second Revised Sheet No. 2
Section No. 5, Original Sheet No. 73

On June 2, 2011, the Commission electronically transmitted notice of the filing and the intervention deadline of June 17, 2011, to interested individuals and entities. No petitions to intervene or comments were filed.

At its October 11, 2011, meeting, the Commission considered the revised Petition for approval of Xcel's DSM Plan. Commission Staff recommended that the Commission approve Xcel's revised DSM Plan, tariff, incentive mechanism and DSM rate, with the slight additional modification of removal of the Residential Home Lighting program.

The Commission finds it has jurisdiction over this matter pursuant to SDCL 49-34A, specifically 49-34A-6, 49-34A-8, 49-34A-8.2, 49-34A-10, 49-34A-11, and 49-34A-25. Following considerable discussion among the Commission, Xcel, and Staff, the Commission found that Xcel's Petition should be approved as originally filed, with the residential Ground Source Heat Pump and Residential Home Lighting Programs and budgets for them re-included. The Commission further found that Xcel's suggestion during the discussion that it be afforded reasonable flexibility within the limits of the overall proposed budget of applying

funds to specific programs as interest in them and the viability of them is demonstrated in actual practice during the program year was reasonable and practical and should also be approved. Finding that Xcel's DSM Plan as so constituted and administered is just and reasonable, the Commission thereupon voted unanimously to approve the DSM Plan with the programs funded as needed with a ceiling of \$775,041. It is therefore

ORDERED, that the Petition by Xcel seeking approval of its DSM Plan as filed on May 27, 2011, is hereby granted as described with particularity above. It is further

ORDERED, that Xcel's tariff sheets as described above are approved effective January 1, 2012. It is further

ORDERED, that the initial rate will be \$0.000496 per/kWh. It is further

ORDERED, that the programs shall be funded as needed with a ceiling of \$775,041.

Dated at Pierre, South Dakota, this 21st day of October, 2011.

CERTIFICATE OF SERVICE
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.
By: <u><i>Jay King</i></u>
Date: <u>October 21, 2011</u>
(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Jay Hanson
GARY HANSON, Chairman

Chris Nelson
CHRIS NELSON, Commissioner

Kristie Fiegen
KRISTIE FIEGEN, Commissioner