

## INTERIM REFUND PLAN

Xcel Energy submits the following plan for refunding the portion of the interim rate surcharge that will exceed the amount authorized by the Commission in its July 2, 2012 Order. The interim rate period subject to refund is January 2, 2012, when interim rates began, through July 31, 2012.

On November 4, 2011, the Company filed its Notice of Intent to Implement Interim Rates pursuant to S.D. Codified Laws § 49-34A-17. On January 2, 2012 Xcel Energy implemented an interim increase of \$12,717,000 on an annual basis for service occurring on and after January 2, 2012.

In its July 2, 2012 Order, the Commission authorized Xcel Energy to increase South Dakota jurisdictional electric revenues by \$8,037,000 to produce total retail related revenues of \$165,078,000 for the test year ending December 31, 2010. As such, the test year refund amount is \$4,680,000. The steps that Xcel Energy will use for distributing this refund are described below.

The ordered test year revenue increase (line 2 of Attachment A) is subtracted from the authorized interim revenue increase (line 1 of Attachment A) to provide the test year interim refund (line 3 of Attachment A). The test year interim refund (\$4,680,000) as a percent of the test year interim increase (\$12,717,000) equals the test year interim refund factor (36.8011%; line 4 of Attachment A). This interim refund factor is applied to the actual monthly interim revenues collected to provide actual monthly refund amounts (Attachment B). Please note that Attachment B includes estimated interim refund collections for the months June 2012 through July 2012. Actual interim revenue collections will be used in the calculations when they are available. The total refund amount without interest is estimated at \$2,331,585 (line 6 of Attachment A).

As part of the refund, Xcel Energy will include interest, calculated by applying a 7% annual interest to the average refund balance for each month that interim revenues were collected (January 2012 through July 2012). The interest calculation is shown on Attachment C, with total interest charges through September 16, 2012 estimated at \$64,639. Additionally, Xcel Energy proposes to include an over-collection of the ECR Rider as part of the refund. The estimated ECR over collection with interest is \$292,000 as shown on line 8 of Attachment A.

The actual interim revenue refund (line 6 of Attachment A) plus interest (line 7 of Attachment A) and the ECR Rider over-collection (line 8 of Attachment A) equals the total refund obligation (line 9 of Attachment A). The total refund obligation as a percent of total actual revenues collected equals the actual interim revenue refund factor, which is estimated to be 42.4302% (line 10 of Attachment A).

For every customer assessed an interim rate charge, a refund will be calculated by multiplying the customer's actual interim rate charges during the period from January 2012 through July 2012 by the refund factor. The estimated average refund per residential customer is \$15. Refunds of the applicable franchise fees and sales taxes will also be included in the refund amount. The interim rate refunds will be credited to accounts during a monthly billing cycle beginning no later than September 17, 2012. Refunds for existing customers will be in the form of a bill credit posted to the customer's account. A bill message will be developed to briefly describe the refund credit. Customers due a refund who are no longer Xcel Energy customers will receive a check if the refund

amount is \$3.00 or more. Any residual un-refunded monies will be included in the fuel clause true-up adjustment for distribution to all remaining customers, consistent with the method approved by the Commission in Docket No. EL09-018.