

INTERIM REFUND PLAN

Xcel Energy submits the following plan for refunding the portion of the interim rate surcharge that will exceed the amount of the March 15, 2013 Settlement Stipulation. The interim rate period subject to refund is January 1, 2013, when interim rates began, through April 30, 2013.

On November 30, 2012, the Company filed its Notice of Intent to Implement Interim Rates pursuant to S.D. Codified Laws § 49-34A-17. On January 1, 2013 Xcel Energy implemented an interim increase of \$19,368,000 on an annual basis for service occurring on and after January 1, 2013.

In its March 15, 2013 Settlement Stipulation, the Parties agree to an increase in South Dakota jurisdictional electric revenues of \$11,570,000 to produce total retail related revenues of \$180,186,000 for the test year ending December 31, 2011. As such, the test year refund amount is \$7,798,000. 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 (\$7,798,000) as a percent of the test year interim increase (\$19,368,000) equals the test year interim refund factor (40.2623%; 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 March 2013 through April 2013. Actual interim revenue collections will be used in the calculations when they are available. The total refund amount without interest is estimated at \$2,017,705 (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 2013 through April 2013). The interest calculation is shown on Attachment C, with total interest charges through July 1, 2013 estimated at \$44,948. Additionally, Xcel Energy proposes to include revenues associated with the Rate Phase-In Rider. In the Settlement Agreement, Parties agreed to an effective date of January 1, 2013 for this Rider. Attachment D shows the calculation of \$1,162,211 in estimated revenues to be collected for the period January 1 through April 30, 2013. These revenues are included on Attachment A, line 8 and netted against the interim refund. Note that the estimated Rider revenue will be updated using actual sales for March and April 2013 when they are available.

The actual interim revenue refund (line 6 of Attachment A) plus interest (line 7 of Attachment A) and net of the RPI Rider amount (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 17.9679% (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 2013 through April 2013 by the refund factor. The estimated average refund per residential customer is \$5.04. 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 July 1, 2013. 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. EL11-019.