

Legislative

SOUTH DAKOTA ELECTRIC RATE BOOK - SDPUC NO. 2

INFRASTRUCTURE RIDER

Section No. 5
~~Original~~ 1st Revised Sheet No. 74
Cancelling Original Sheet No. 74

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 rendered on and after January 1. The initial Infrastructure Rider Adjustment Factor for all rate schedules is:

All Customers ~~\$0.001830~~ \$0.004338 per kWh

Recoverable Capital Costs shall be the annual revenue requirements associated with those capital projects specified herein expected to be placed in service in 2012 or 2013, 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. EL12-046.

Recoverable Property Taxes shall be incremental property taxes for 2013 incurred by the Company that are otherwise not included in base rates as determined in Docket No. EL12-046 or other rate recovery mechanisms.

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 May 1, 2013 are those projects with 2012 and 2013 in-service activity. The projects in-service in 2012 eligible for recovery in the Infrastructure Rider are: (1) the Prairie Island H Line; and (2) the Monticello Life Cycle Management/Extended Power Upgrade. The projects in

(Continued on Sheet No. 5-75)

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Northern States Power Company, a Minnesota corporation
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service in 2013 eligible for recovery in the Infrastructure Rider are: (1) Monticello Fire Model; (2) Prairie Island Steam Generator; (3) Prairie Island Dry Casks; (4) Sherco Cooling Towers and (5) Sherco HFU.

(Continued on Sheet No. 5-75)

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INFRASTRUCTURE RIDER (Continued)

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DETERMINATION OF INFRASTRUCTURE RIDER ADJUSTMENT FACTOR

Projects eligible for Inclusion in Infrastructure Rider (Continued)

The Year 1 Infrastructure Rider will be calculated to recognize a full year of annual revenue requirements for the projects in-service in 2012 and a partial year of recovery for the 2013 projects based on the expected 2013 projects' in-service dates. The Company will file an update on October 1, 2013 to revise the Infrastructure Rider Adjustment Factor to recognize a full year of annualized revenue requirements for the projects in-service in 2013.

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 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, 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. EL12-046.

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