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Xcel Energy

Case No.: EL13-017

Response To: South Dakota Public Utilities                      Data Request No.                      2-2  
Commission

Requestor: Brian Rounds

Date Received: September 19, 2013

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Question:

Please calculate the rate savings expected as a result of the program lifetime measures. For example, provide a statement similar to the following: “implementing this program will prevent rates from increasing by \$X/kWh” over a specific time period, including your calculations.

Response:

The Company uses the Rate Impact Measure (RIM) ratio to measure the positive or negative impact the portfolio has on future rates. The RIM ratio compares total portfolio benefits to total portfolio costs. In general, a RIM ratio above 1.0, where the benefits are greater than the costs, communicates that rates would not increase as a result of the programs. On the other hand, RIM ratios below 1.0, where costs are greater than benefits, conclude that the programs would result in a rate increase.

As provided in our initial filing, the proposed 2014 portfolio of programs has a RIM ratio of 1.0; therefore, implementing these programs as proposed should neither increase nor decrease rates. The 1.0 ratio is a rounded value that results from dividing total system benefits of \$4,582,307 by the combined program costs and lost revenues of \$4,594,546. The average life of the measures in the portfolio, weighted on energy (kWh) savings is 16.5 years. Thus, if the company makes the conservative assumption that annual sales for the entire portfolio lifetime (2014-2030) are equal to 2013 sales, the portfolio’s negative net-benefit dollar impact of \$12,239 (4,582,307 - 4,594,546) is insignificant to six decimal places (i.e. \$0/kWh) and therefore should not result in any material change to customer rates.

Also provided in our initial filing was the RIM ratio of the 2012 actual achievement, which came out to be 1.2. The 1.2 ratio is a rounded value that results from dividing total system benefits of \$4,534,767 by the combined program costs and lost revenues

of \$3,764,504. If the company takes into account actual 2012 sales and makes the same conservative assumption as above for the rest of the portfolio lifetime (2013-2028), the portfolio's positive net-benefit dollar impact of \$770,172 (4,534,767 – 3,764,594) will have a lifetime average mitigating impact on rate increases of \$0.000025/kWh.

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Witness:

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