

Supporting Documentation for Updated DSM Cost Adjustment Factor

The following is information specified in South Dakota Administrative Rule 20:10:13:26 regarding the updated DSM Cost Adjustment Factor:

(1) Name and address of the public utility;

Xcel Energy
500 West Russell Street
Sioux Falls, South Dakota 57104
(605) 339-8350

(2) Section and sheet number of tariff schedule;

Xcel Energy proposes to update DSM Rate tariff sheet number 73 in Section 5 of the Xcel Energy South Dakota Electric Rate Book. Pages 6-9 of this attachment include the proposed tariff sheets with the updated DSM Rate.

(3) Description of the change;

The proposed updated DSM Rate is designed to true up the cost recovery which is slightly under budget that was forecasted to occur during 2014-2015 timeframe, as well as recover all forecasted 2016 DSM expenditures and incentives.

(4) Reason for the change;

As proposed in the South Dakota DSM Plan and described in the DSM Cost Adjustment Factor tariff sheet, the Company plans to update the DSM Cost Adjustment Factor on an annual basis in the May 1 Status Report filing. The updated DSM Rate is designed to true up any over-recovery or under-recovery that exists in the tracker as well as recover the forecasted DSM expenditures and incentives for the upcoming year.

(5) Present rate;

Pursuant to the Commission's December 17, 2014 Order,¹ Xcel Energy implemented the approved rate of \$0.000510 per kWh effective January 1, 2015.

¹ Docket No. EL 14-040

(6) Proposed rate;

Xcel Energy requests a new DSM Cost Adjustment Factor of \$0.000448 per customer kWh.

(7) Proposed effective date of modified rate;

Xcel Energy requests this new DSM Cost Adjustment Factor of \$0.000448 per customer kWh become effective with the first billing cycle of January 2016. We request this rate remain in effect through December 2016 or until the Commission approves a new DSM Cost Adjustment Factor.

(8) Approximation of annual amount of increase or decrease in revenue;

This new DSM Cost Adjustment Factor of \$0.000448 per customer kWh is a decrease of \$0.000062 per kWh or 12 percent.

(9) Points affected;

The proposed updated DSM Rate would be applicable to all areas served by Xcel Energy in South Dakota.

(10) Estimation of the number of customers whose cost of service will be affected and annual amounts of either increases or decreases, or both, in cost of service to those customers;

The proposed electric tariff will apply to all customers throughout all customer classes as described within the filing. Xcel Energy presently serves just over 88,000 electric customers in 36 communities in eastern South Dakota.

(11) Statement of facts, expert opinions, documents, and exhibits to support the proposed changes.

A narrative for the calculation of the updated rate is included in the DSM Cost Adjustment Factor Report section of this filing. The following pages of this attachment include the forecasted 2015 and 2016 DSM Trackers, which are referenced in the narrative, along with the proposed customer bill insert message and the proposed updated tariff sheets in both redline and clean versions.

Table 1: 2015 DSM Tracker Forecast, With Cost Recovery in 2015

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Annual</u>
Northern States Power Company State of South Dakota- Electric Utility DSM Cost Recovery & Incentive Mechanism - Total 2015 Forecast													
<u>EXPENSES</u>													
[CONFIDENTIAL DATA BEGINS													
1. Balance													
2. DSM Program Expenditures													
3. Total Incentive (Line 2 * 30%)													
4. Total Expenditures + Incentive (Line 2 + 3)													
<u>RECOVERY</u>													
5. DSM Adjustment Factor (\$/MWh)													
6. Total Cost Recovery													
7. Sub-Balance (Over/Under Recovery) (Line 1 + 4 - 6)													
8. Accum Deferred Tax (Line 7 * 35%)													
9. Net Investment (Line 7 - 8)													
10. Carrying Charge (Line 9 * carrying charge)													
11. End of Month Balance (Line 7 + 10)													

CONFIDENTIAL DATA ENDS]

Table 2: 2016 DSM Tracker Forecast, With Cost Recovery in 2016

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Annual</u>
Northern States Power Company State of South Dakota- Electric Utility DSM Cost Recovery & Incentive Mechanism - Total 2016 Forecast													
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