



CONFIDENTIAL

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Northern States Power d/b/a Xcel Energy Attachment 1  
 Electric Utility - State of South Dakota Page 3 of 4  
 Calculation of Net Annual Avoided Capacity Costs

**NON-PROPRIETARY**

- (1) Completed Cost of Planned C.T. Unit (\*\*\*\* \$) \$\*\*\*\*/kW
- (2) Inflation Net of Technical Progress 2.40%
- (3) Average Service Life 30 Years
- (4) Discount Rate (After Tax) \*\*\*\*-%

Calculation of Marginal Capital Carry Charge Rate

- (5) Present Value of Revenue Requirements \$\*\*\*\*/kW
- (6) Annuity Factor Adjustment for Inflation \*\* \*\*\*\*
- (7) Present Value of Revenue Requirements  
Adjusted for Inflation (5)\*(6) \$\*\*\*\*
- (8) Marginal Capital Carrying Charge Rate  
(7)/(1) \*\*\*\*
- (9) First Year Revenue Requirement (1)\*(8) \$\*\*\*\*/kW
- (10) Present Value at \*\*\*\*-% \$\*\*\*\*/kW
- (11) Present Value of Average Annual Fuel Savings \$\*\*\*\*/kW
- (12) Annual Avoided Capacity Cost \$\*\*\*\*/kW  
(10)-(11)
- (13) Adjusted for 15% Reserve Margin \$\*\*\*\*/kW  
(12)\*1.15
- (14) Plus \$\*\*\*\*/kW Fixed O & M (2002 \$) \$\*\*\*\*/kW  
(13) + \*\*\*\*
- (15) Adjusted for Losses (14)/0.9041 \$\*\*\*\*/kW
- (16) NET ANNUAL AVOIDED CAPACITY CO \$\*\*\*\*/kW
- (17) Net Annual Avoided Capacity Cost  
Average Over All Hours 0.61 cents/kWh  
(16)\*100/8760

\*\*  $AC = K*(r-j)*(1+j)^{(t-1)}*[1/(1-(1+j)^n/(1+r)^n)]$   
 Where AC = Annual Charge in year t  
 t = Year (=1)  
 K = Total Present Value Cost of Original Investment  
 r = Discount Rate (Overall Marginal Cost of Capital) (8.22%)  
 j = Inflation Rate Net of Technology Progress (2.40%)  
 n = Expected Service Life of Investment ( 30 Years)

O & M = \$\*\*\*\*

Northern States Power d/b/a Xcel Energy  
 State of South Dakota  
 Marginal Cost of Capital

<i>(Before Tax)</i>	Capitalization Ratio (%)	Cost (%)	Weighted (%)
Debt	50.56%	7.88%	3.980%
Preferred Equity	0.00%	0.00%	0.000%
Common Equity	49.44%	11.40% *	5.640%
<b>Weighted Average</b>	100.00%		<b>9.620%</b>

\* Common Equity is Commission settled return in case no. EL92-016

<i>(After Tax)</i>	Capitalization Ratio (%)	Cost (%)	Weighted (%)
Debt	50.56%	7.88%	2.583%
Preferred Equity	0.00%	0.00%	0.000%
Common Equity	49.44%	11.40% *	5.640%
<b>Weighted Average</b>	100.00%		<b>8.223%</b>

\* Common Equity is Commission settled return in case no. EL92-016

Source:

Information provided by Revenue Analysis (Julie Rushton)

**South Dakota Public Utilities Commission**  
**WEEKLY FILINGS**  
**For the Period of October 6, 2004 through October 13, 2004**

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five business days of this report. Phone: 605-773-3201

**ELECTRIC**

**EL04-030**      **In the Matter of the Filing by Xcel Energy for Approval of its Revised Rate Sheets for its Occasional Delivery Energy Service and Time of Delivery Energy Service.**

On October 7, 2004, Xcel Energy submitted for Commission approval revised rate sheets for the Occasional Delivery Energy Service and Time of Delivery Energy Service. The tariffs are consistent with those the Commission approved in its January 3, 2003 order, Docket EL02-021.

Staff Analyst: Michele Farris  
Staff Attorneys: Karen Cremer/Sara Harens  
Date Filed: 10/07/04  
Intervention Deadline: 10/29/04

**EL04-031**      **In the Matter of the Joint Request for an Electric Service Rights Exception between Whetstone Valley Electric Cooperative, Inc. and Otter Tail Power Company.**

On October 12, 2004, Whetstone Valley Electric Cooperative, Inc., Otter Tail Power Company and Victory Farms filed a joint petition to request Commission approval of a service rights exception. The petition requests the Commission to authorize a service rights exception to the Victory Farms' dry cow facility and manager residence located in the East 1/2 of the NW 1/4 of Section 34, Township 120 North, Range 48 West of the 5th P.M., Grant County, South Dakota, for so long as those facilities shall be used for agricultural and related residential purposes and allow Otter Tail Power Company to serve the above described parcel.

Staff Analyst: Michele Farris  
Staff Attorneys: Karen Cremer/Sara Harens  
Date Filed: 10/12/04  
Intervention Deadline: 10/29/04

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You may subscribe or unsubscribe to the PUC mailing lists at <http://www.state.sd.us/puc>**

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY XCEL ) ORDER APPROVING TARIFF  
ENERGY FOR APPROVAL OF ITS REVISED ) REVISIONS  
RATE SHEETS FOR ITS OCCASIONAL )  
DELIVERY ENERGY SERVICE AND TIME OF ) EL04-030  
DELIVERY ENERGY SERVICE )  
)  
)

On October 7, 2004, the Public Utilities Commission (Commission) received an application from Xcel Energy (Xcel) requesting approval to revise its rate sheets for the Occasional Delivery Energy Service and Time of Delivery Energy Service. Xcel asked for approval of the following revised tariff sheets of its Electric Rate Schedule:

Occasional Delivery Energy Service Rate Code E50, Section No. 9, 4th Revised Sheet No. 2, Cancelling 3rd Revised Sheet No. 2

Time of Delivery Energy Service Rate Code E52, Section No. 9, 4th Revised Sheet No. 3, Cancelling 3rd Revised Sheet No. 3

According to the application, the proposed Occasional Delivery Energy Service Rate Code E50 rate sheet is revised to reflect a higher metering charge and decreased energy payment. The energy payment is based on the Company's 2004 avoided energy cost estimate. The proposed Time of Delivery Energy Service Rate Code E52 rate sheet is revised to reflect an increase in the metering charge. Energy and capacity payments are also revised to reflect the Company's 2004 avoided costs projection.

At its regularly scheduled December 14, 2004, meeting, the Commission discussed final approval of the application. Commission Staff recommended approval of the tariff revisions.

The Commission has jurisdiction over this matter pursuant to SDCL Chapter 49-34A, specifically 49-34A-4, 49-34A-6, 49-34A-8, 49-34A-10 and 49-34A-12. The Commission found the rate changes are just and reasonable and approved the revised tariffs. As the Commission's final decision in this matter, it is therefore

ORDERED, that Xcel's aforementioned revised tariffs are approved and shall be effective for service rendered on and after the date of this Order.

Dated at Pierre, South Dakota, this 17<sup>th</sup> day of December, 2004.

<b>CERTIFICATE OF SERVICE</b>	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.	
By:	<u>Melaine Kalbs</u>
Date:	<u>12/20/04</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

Robert K. Sahr  
ROBERT K. SAHR, Chairman

Gary Hanson  
GARY HANSON, Commissioner



Jim Wilcox, Manager,  
Government & Regulatory Affairs  
500 West Russell Street  
P.O. Box 988  
Sioux Falls, SD 57101-0988  
Telephone (605) 339-8350 fax 612/573-9083  
internet - james.c.wilcox@xcelenergy.com

December 28, 2004

Ms. Pam Bonrud, Executive Director  
South Dakota Public Utilities Commission  
State Capitol Building  
500 East Capitol Avenue  
Pierre, South Dakota 57501-5070

RECEIVED  
DEC 30 2004

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

RE: REVISED TARIFF PAGES FOR OCCASIONAL DELIVERY ENERGY  
SERVICE AND TIME OF DELIVERY SERVICE  
DOCKET NO. EL04-0030

Dear Ms. Bonrud,

Enclosed for your South Dakota Electric Rate Book – SDPUC No. 2 are two copies of the Cogeneration and Small Power Producers Tariffs.

**South Dakota Electric Rates:**  
**Sheet No. 9-2, revision 4**  
**Sheet No. 9-3, revision 4**

Xcel Energy filed for revisions to these tariffs on October 7, 2004. At the Commission's December 14, 2004 meeting these changes were authorized and an Order issued December 17, 2004.

The Order authorized a higher metering charge and a reduced energy payment for the Occasional Delivery Energy Service and Time of Delivery Energy Service. The effective date for this tariff is the date of that order.

If you have any questions about this filing, please call me at 339-8350.

Sincerely,

JIM WILCOX,  
MANAGER GOVERNMENT AND REGULATORY AFFAIRS

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TIME OF DELIVERY ENERGY SERVICE  
RATE CODE E52

Section No. 9  
4th Revised Sheet No. 3  
Canceling 3rd Revised Sheet No. 3

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**AVAILABILITY**

Available to any small qualifying facility (SQF).

**RATE**

Metering Charge for Single Phase Service per Month	\$4.50	I
Payment Schedule for Energy Delivered to Company		
On Peak Energy Payment per kWh	\$0.0347	R
Off Peak Energy Payment per kWh	\$0.0182	R
Capacity Payment for Firm Power per On Peak kWh	\$0.0061	I

**FUEL CLAUSE**

Payments subject to the adjustment provided for in Fuel Clause Rider.

**DETERMINATION OF FIRM POWER**

The SQF will have supplied firm power if during the billing period an on peak capacity factor of at least 65% was achieved. The calculation of the on peak capacity factor will be as follows:

The average on peak period metered capacity delivered to the Company for the on peak period of the billing period divided by the greatest 15 minute metered capacity delivered for the on peak period of the same billing period expressed in percent and rounded to the nearest whole percent. If the percent calculated is 65 or greater, capacity payment will be made. If the percent calculated is less than 65, capacity payment will not be made.

**TERMS AND CONDITIONS OF SERVICE**

1. Electric service provided by Company to customer at the same site shall be billed in accordance with the appropriate retail electric tariff.
2. The minimum contracted term of service is 12 months.
3. Interconnection charges will be assessed by the Company on an individual basis for all costs associated with addition to or modification of Company facilities to accommodate the SQF. The monthly metering charge recovers the cost of the additional metering equipment and the associated billing, operating, and maintenance expenses. The net interconnection charge recovers those costs incurred for equipment and expenses in excess of metering equipment and expenses. At the option of the SQF, the net interconnection charge will be a single payment or will be a monthly payment. The calculations of such charges are described in Subdivision 1, DEFINITIONS, in this section.

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Date Filed: 10-07-04	By: Kent T. Larson	Effective Date: 12-17-04
	Vice President of Jurisdictional Relations	
Docket No. EL-04-030		Order Date: 12-17-04

**OCCASIONAL DELIVERY ENERGY SERVICE**  
**RATE CODE E50**

Section No. 9  
4th Revised Sheet No. 2  
Canceling 3rd Revised Sheet No. 2

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**AVAILABILITY**

Available to any small qualifying facility (SQF) for the delivery of small amounts of energy.

**RATE**

Metering Charge for Single Phase Service per Month \$3.50

Payment Schedule for Energy Delivered to Company  
Energy Payment per kWh \$0.0241

**TERMS AND CONDITIONS OF SERVICE**

1. Electric service provided by Company to customer at the same site shall be billed in accordance with the appropriate retail electric tariff.
2. Compensation for energy delivered to Company is limited to payment for a maximum 2,000 kWh delivered per month. Delivery of energy to Company in excess of this limit will be uncompensated.
3. The minimum contracted term of service is 12 months.
4. Interconnection charges will be assessed by the Company on an individual basis for all costs associated with addition to or modification of Company facilities to accommodate the SQF. The monthly metering charge recovers the cost of the additional metering equipment and the associated billing, operating, and maintenance expenses. The net interconnection charge recovers those costs incurred for equipment and expenses in excess of metering equipment and expenses. At the option of the SQF, the net interconnection charge will be a single payment or will be a monthly payment. The calculations of such charges are described in Subdivision 1, DEFINITIONS, in this section.
5. Payments are subject to the adjustment provided in Fuel Clause Rider.

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Date Filed: 10-07-04

By: Kent T. Larson  
Vice President of Jurisdictional Relations

Effective Date: 12-17-04

Docket No. EL04-030

Order Date: 12-17-04