

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

**IN THE MATTER OF THE APPLICATION OF NORTHERN STATES POWER COMPANY
D/B/A XCEL ENERGY FOR AUTHORITY TO INCREASE ITS ELECTRIC RATES
DOCKET NO. EL12-046**

**TESTIMONY & EXHIBITS OF MATTHEW TYSDAL
ON BEHALF OF THE COMMISSION STAFF
NOVEMBER 15, 2012**

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1 **Q. Please state your name and business address.**

2 A. My name is Matthew Tysdal. My business address is Public Utilities Commission, State
3 Capitol Building, 500 East Capitol Avenue, Pierre, SD 57501

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5 **Q. By whom are you employed?**

6 A. I am employed as a Utility Analyst by the South Dakota Public Utilities Commission
7 (Commission).

8
9 **Q. Please describe your educational background and work experience.**

10 A. I received a Bachelor of Science degree in Economics and Political Science from the
11 University of South Dakota in May of 2011. I began my employment with the
12 Commission as a Staff Utility Analyst in September of 2011 and participated in the last
13 rate case filed by Northern States Power Company in South Dakota, Docket EL11-019.

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15 **Q. Are you familiar with Northern States Power's (NSP or Company) application for
16 an increase in electric rates in South Dakota, Docket EL12-046?**

17 A. Yes. I have reviewed NSP's testimony, exhibits, work papers and responses to Staff
18 data requests relevant to the preparation of my testimony and exhibits.

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20 **Q. What is the purpose of your testimony in this docket?**

21 A. I will present testimony addressing the following revenue requirement issues:

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- 23 1. Lobbying Expenses
- 24 2. Charitable Contribution Expenses
- 25 3. Advertising Expenses
- 26 4. Association Dues
- 27 5. Economic Development
- 28 6. Economic Development Labor Expenses
- 29 7. Conservation and Demand Side Management Expenses
- 30 8. Foundation Administration Costs

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32 **Q. Did the Company include lobbying expenses in the claimed cost of service?**

33 A. No, NSP did not include any lobbying expenses (labor or non-labor) in the South Dakota
34 test year claimed cost of service. Lobbying expenses were recorded as below-the-line
35 items for rate making purposes.

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37 **Q. Did NSP include charitable contribution expenses in the South Dakota test year
38 claimed cost of service?**

39 A. No, NSP did not include charitable contribution amounts in the South Dakota test year
40 claimed cost of service. Charitable contributions were recorded as below-the-line items
41 for rate making purposes.

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43 **Q. Based on your review of the filing and subsequent information provided by NSP,
44 what is your opinion regarding advertising expenses?**

45 A. The Company proposed an adjustment to remove the costs of brand and image
46 advertising that were included in the test year, as well as other advertising expenses not
47 recoverable from South Dakota ratepayers. The Company's adjustment reduces test
48 year expenses by approximately \$181,000. Staff accepts this adjustment.

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50 **Q. What is your opinion regarding the Company's industry and association dues it
51 proposes to recover from South Dakota ratepayers?**

52 A. I have accepted the Company's adjustment that removed \$12,720 of association dues
53 that included a component for lobbying and social activities of the organization. During
54 discovery, the Company proposed an additional adjustment to remove costs related to
55 specific associations that benefited customers in jurisdictions outside of South Dakota,
56 further reducing expenses by \$2,420.

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In addition to the Company proposed adjustments, I recommend removing dues paid to 16 organizations that are unnecessary for the provision of safe, adequate, and reliable service. Exhibit___(MAT-1), Schedule 1, lines 15 – 30 lists these organizations that should be not be included in rates. In total, I recommend \$18,393 of industry and association dues be removed from the South Dakota cost of service.

Q. What is your opinion regarding economic development expenses proposed by NSP to be included in the claimed cost of service?

A. NSP proposed that \$100,000 in economic development programs be split 50/50 between electric customers and shareholders for an adjustment of \$50,000 to the test year cost of service. Labor expenses were not included in the plan. This proposal falls under the parameters set by the settlement stipulation in Docket EL90-13, and staff accepts this adjustment.

Q. What is your opinion regarding the Company’s proposed adjustment to economic development labor expense?

A. NSP is proposing to remove the costs associated with the administration of their economic development program, decreasing test year expenses by approximately \$23,000. Staff accepts this adjustment.

Q. What is your opinion regarding the Company’s proposed adjustment to remove expenses for Conservation and Demand Side Management programs?

A. The Company received approval for a Demand Side Management Cost Recovery Tariff in Docket EL11-013 that allows them to recover future conservation and DSM costs. The test year included costs which will be recovered through this tariff, so the Company proposed an adjustment to remove these costs from base rates, decreasing test year expenses by approximately \$189,000. Staff accepts this adjustment.

Q. Did the Company include Xcel Energy Foundation administration expenses in the claimed cost of service?

A. No, NSP proposed to remove the costs associated with the administration of the Xcel Energy Foundation, decreasing test year expenses by approximately \$19,000. Staff agrees with this adjustment.

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92 **Q. Does this conclude your testimony?**

93 A. Yes, it does.

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