

- Non Public Document – Contains Trade Secret Data**  
 **Public Document – Trade Secret Data Excised**  
 **Public Document**

Xcel Energy

Docket No.: EL14-040

Response To: South Dakota Public  
Utilities Commission

Data Request No. 1-8

Requestor: Darren Kearney

Date Received: December 1, 2014

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Question:

On Attachment C, page 3 of 9, are the January through April 2014 recoveries based actual or forecasted sales? If forecasted recoveries are used, please explain why actuals are not used since they should be known or provide an amended Attachment C.

Response:

The January through April 2014 recoveries and expenditures were based on forecasted values. As requested, we have recalculated the DSM Factor using the actual data available (currently January through October) for both recovery and expenditure. The updated DSM Factor is \$0.00051. We provide attached both Public and Non Public versions of Attachment C.

We expect to have actual data for January through March available when calculating the DSM Factor for the 2014 Status Report and 2016 Plan, to be filed May 1, 2014. We will use actual data available for the next and future filings.

In accordance with South Dakota Admin. R. 20:10:01:39 through 42, Xcel Energy respectfully requests confidential treatment of certain information contained in this response. In compliance with South Dakota Admin. R. 20:10:01:41, we have clearly marked each page of the confidential version with the term "CONFIDENTIAL." A public non-confidential version is also being filed simultaneously.

Pursuant to S.D. Codified Laws Chapter 20:10:01:41, the Company submits the following justification for confidential treatment of this petition.

(1) An identification of the document and the general subject matter of the materials or the portions of the document for which confidentiality is being requested;

We request confidential treatment on the grounds that the material is proprietary and trade secret information, the disclosure of which would result in material damage to the Company's financial or competitive position. The petition contains financial information that is not available to the general public.

(2) The length of time for which confidentiality is being requested and a request for handling at the end of that time. This does not preclude a later request to extend the period of confidential treatment;

The Company requests that the petition be recognized as confidential in perpetuity.

(3) The name, address, and phone number of a person to be contacted regarding the confidentiality request;

James C. Wilcox  
Principal Manager  
Xcel Energy  
500 W. Russell Street  
P.O. Box 988  
Sioux Falls, South Dakota 57101  
(605) 339-8350

(4) The statutory or common law grounds and any administrative rules under which confidentiality is requested. Failure to include all possible grounds for confidential treatment does not preclude the party from raising additional grounds in the future;

The claim for confidential treatment is based on South Dakota Admin. R. 20:10:01:39 (4) and S.D. Codified Laws Chapter 1-27-30. The information contained within the referenced documents meets the definition of "trade secret" under S.D. Codified Laws Chapter 37-29-1(4)(1), the South Dakota Uniform Trade Secrets Act, which is defined as information that "Derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and... is the subject of efforts that are reasonable under the circumstances to maintain its secrecy." The information also meets the definition of "proprietary information" under S.D. Codified Laws Chapter 1-27-28, which is defined as "information on pricing, costs, revenue, taxes, market share, customers, and personnel held by private entities and used for that private entity's business purposes."

(5) The factual basis that qualifies the information for confidentiality under the authority cited.

Consistent with the terms of the Settlement Stipulation approved by the Commission in the Company's recently concluded 2012 electric rate case (Docket No. EL12-046), the rate of return on equity is confidential.

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Preparer: Kelsey Genung  
Title: Senior Regulatory Analyst  
Department: DSM Regulatory Strategy & Planning  
Telephone: 612-337-2328  
Date: December 5, 2014

## **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 includes 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 slight under-recovery that forecasted to occur during 2013-2014 time frame as well as recover all forecasted 2015 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 3, 2013 Order,<sup>1</sup> Xcel Energy implemented the approved rate of \$0.000486 per kWh effective January 1, 2014.

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<sup>1</sup> Docket No. EL 13-017

**(6) Proposed rate;**

Xcel Energy requests a new DSM Cost Adjustment Factor of \$0.000510 per customer kWh.

**(7) Proposed effective date of modified rate;**

Xcel Energy requests this new DSM Cost Adjustment Factor of \$0.000510 per customer kWh be effective with the first billing cycle of January 2015. We request this rate remain in effect through December 2015 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 \$0.000510 per customer kWh is an increase of \$0.000024 per kWh or five 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 87,000 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 2014 and 2015 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: 2014 DSM Tracker Forecast, With Cost Recovery in 2014

Northern States Power Company State of South Dakota- Electric Utility DSM Cost Recovery & Incentive Mechanism - Total 2014 Forecast													
	<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>
	Actual	Forecast	Forecast										
<u>EXPENSES</u>													
[CONFIDENTIAL DATA HAS BEEN EXCISED]													
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 HAS BEEN EXCISED]													

Table 2: 2015 DSM Tracker Forecast, With Cost Recovery in 2015

Northern States Power Company State of South Dakota- Electric Utility DSM Cost Recovery & Incentive Mechanism - Total 2015 Forecast													
	<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>
<u>EXPENSES</u>	Forecast												
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<b>CONFIDENTIAL DATA HAS BEEN EXCISED]</b>													

## Proposed Customer Bill Notice

### DSM Cost Adjustment Factor Increase Effective January 1, 2015

Xcel Energy offers a variety of load management and demand side management (DSM) programs to our South Dakota customers to help them reduce their home's usage. The South Dakota Public Utilities Commission has approved a new Demand Side Management (DSM) Cost Adjustment Factor as a separate line item on your monthly electric bill to recover the cost of our load management and DSM programs. Beginning January 1, 2015, the rate factor will increase from \$0.000486 per kWh to \$0.00051 per kWh.

### Residential Electric Service – Winter Month Bill Example

This chart provides a comparison of customer bills by applying the prior DSM rate vs. the new DSM rate.

Usage (kWh)	Prior Rates				New Rates				Amount of Bill Increase	Percent Increase
	Other Rates	Prior DSM Factor	Prior DSM	Prior Bill	Other Rates	New DSM Factor	New DSM	New Bill		
400	\$49.81	0.000486	<b>\$0.19</b>	\$50.00	\$49.81	0.000510	<b>\$0.20</b>	\$50.01	\$0.01	0.03%
500	\$60.20	0.000486	<b>\$0.24</b>	\$60.44	\$60.20	0.000510	<b>\$0.26</b>	\$60.46	\$0.02	0.02%
600	\$70.58	0.000486	<b>\$0.29</b>	\$70.87	\$70.58	0.000510	<b>\$0.31</b>	\$70.89	\$0.02	0.02%
750	\$86.17	0.000486	<b>\$0.36</b>	\$86.53	\$86.17	0.000510	<b>\$0.38</b>	\$86.55	\$0.02	0.03%
1000	\$112.14	0.000486	<b>\$0.49</b>	\$112.62	\$112.14	0.000510	<b>\$0.51</b>	\$112.65	\$0.03	0.03%
2000	\$214.35	0.000486	<b>\$0.97</b>	\$215.32	\$214.35	0.000510	<b>\$1.02</b>	\$215.37	\$0.05	0.02%

### For more information

You may examine the new rate rider by visiting our website at [xcelenergy.com/sdrates](http://xcelenergy.com/sdrates). If you have further questions, please contact Xcel Energy at **1-800-895-4999**.

# Legislative

PUBLIC

Northern States Power Company, a Minnesota corporation  
Minneapolis, MN 55401

PROPOSED

**SOUTH DAKOTA ELECTRIC RATE BOOK - SDPUC NO. 2**

**DEMAND SIDE MANAGEMENT COST**

Section No. 5

**ADJUSTMENT FACTOR**

~~1st~~<sup>2nd</sup> Revised Sheet No. 73

Cancelling ~~Original~~<sup>1st Revised</sup> Sheet No. 73

**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 a Demand Side Management Cost Adjustment, which shall be calculated by multiplying the monthly applicable billing kilowatt hours (kWh) by the Demand Side Management Factor (DSM Factor). This Demand Side Management Cost Adjustment shall be calculated before city surcharge and sales tax.

**DETERMINATION OF DSM FACTOR**

A DSM Factor shall be calculated by dividing the forecasted balance of the DSM Tracker Account (Tracker), including any True Up, by the Forecasted Retail Sales for the Next Recovery Period. The DSM Factor shall be rounded to the nearest \$0.000001 per kWh.

The DSM Factor may be adjusted annually with approval of the South Dakota Public Utilities Commission (Commission). The DSM Factor is:

All Customers ~~\$0.000486~~<sup>\$0.000510</sup> per kWh

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DSM Tracker shall include all annual expenses, costs and incentives associated with demand side management programs and that are approved by the Commission. All revenues recovered pursuant to the Demand Side Management Cost Adjustment shall be credited to the Tracker.

Forecasted Retail Sales shall be the estimated total retail electric sales for the Next Recovery Period.

Next Recovery Period shall be that period that begins January 1 and ends December 31 following the Company's most recent May 1 filing.

**TRUE-UP**

True Up shall include the difference between the revenues received from customers and actual expenditures for the most recent recovery period ending December 31.

A True Up will be included in each annual May 1 filing beginning with the May 1, 2013 filing. The 2012 DSM Factor calculation will not include a True Up due to no previous cost or revenue activity prior to implementation of the Demand Side Management Cost Adjustment in 2012. Beginning with the Company's request submitted on May 1, 2013, the DSM Factor may include a True Up.

Date Filed: ~~05-01-13~~<sup>05-01-14</sup>

By: David M. Sparby

Effective Date: ~~01-01-14~~

President and CEO of Northern States Power Company, a Minnesota corporation

Docket No. ~~EL13-017~~<sup>EL14-040</sup>

Order Date: ~~12-03-13~~

# Non-Legislative

