414 Nicollet Mall
Minneapolis, MN 55401

April 1, 2015

Daniel P. Wolf **—Via Electronic Filing—**
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

Re: PETITION
2015/2016 ELECTRIC CIP ADJUSTMENT FACTOR
DOCKET NO. E002/M-15-___

Dear Mr. Wolf:

Enclosed for filing is the Petition of Northern States Power Company requesting approval of our 2014 electric Conservation Improvement Program (CIP) Tracker account, financial incentive on 2014 performance, and 2015/2016 electric CIP Adjustment Factor.

This is a refiling due to a header being cut off on the tariff sheets.

We have electronically filed this document with the Minnesota Public Utilities Commission, and a Summary of the filing has been served on the parties on the attached service list. Please contact Howard Hoffman at howard.s.hoffman@xcelenergy.com or (612) 330-5940 or me at shawn.m.white@xcelenergy.com or (612) 330-6096 if you have any questions regarding this filing.

Sincerely,

/s/

SHAWN WHITE
MANAGER
DSM REGULATORY STRATEGY AND PLANNING

Enclosures
c: Service List

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
John Tuma	Commissioner
Betsy Wergin	Commissioner

IN THE MATTER OF THE PETITION OF NORTHERN STATES POWER COMPANY FOR APPROVAL OF AN ELECTRIC CONSERVATION IMPROVEMENT PROGRAM ADJUSTMENT FACTOR

DOCKET NO. E002/M-15-___

PETITION

OVERVIEW

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this Petition for approval of its electric Conservation Improvement Program Adjustment Factor for 2015-2016.

Specifically, we request that the Commission:

- Approve the Company's 2014 electric CIP Tracker account;
- Approve the electric incentives earned for 2014 program performance; and
- Approve the proposed 2015/2016 electric CIP Adjustment Factor of $0.001382 per kWh.

In 2014, our electric portfolio surpassed the 1.5 percent energy savings target for the third year in a row, achieving over 481 GWh of electric savings or 1.66 percent of sales, and generating approximately $256 million in net benefits for customers. We achieved 110 percent of our approved savings goal for 2014, while spending $87.9 million or 98 percent of our approved budget. The Solar*Rewards program contributed approximately 2.7 GWh at a cost of $3.7 million. Based on these results, we respectfully request approval of an electric CIP incentive of $40,179,927and a Solar*Rewards incentive of $96,148.

I. SUMMARY OF FILING

A one-paragraph summary is attached to this filing pursuant to Minn. R. 7829.1300, subp. 1.

II. SERVICE ON OTHER PARTIES

Pursuant to Minn. R. 7829.1300, subp. 2, the Company has served a copy of this filing on the Office of the Attorney General – Antitrust and Utilities Division. A summary of the filing has been served on all parties on the enclosed service list.

III. GENERAL FILING INFORMATION

Pursuant to Minn. R. 7829.1300, subp. 3, the Company provides the following information.

A. Name, Address, and Telephone Number of Utility

Northern States Power Company doing business as:
Xcel Energy
414 Nicollet Mall
Minneapolis, MN 55401
(612) 330-5500

B. Name, Address, and Telephone Number of Utility Attorney

Kari L. Valley
Assistant General Counsel
Xcel Energy
414 Nicollet Mall, 5th Floor
Minneapolis, Minnesota 55401
(612) 215-4526

C. Date of Filing

The date of this filing is April 1, 2015. The Company requests the Commission approve this Petition with an effective date of October 1, 2015 for the 2015/2016 CIP Adjustment Factor. Approval by this date would ensure that the implemented rate is based on a 12-month recovery period.

D. Statute Controlling Schedule for Processing the Filing

Minn. Stat. § 216B.16, subds. 6b and 6c allow public utilities to file rate schedules providing for annual recovery of actual conservation costs and approved incentives. Minn. Stat. § 216B.16 subd. 1 requires 60-days notice to the Commission of a proposed tariff change. Under the Commission's rules, the proposed tariff change discussed in this Petition falls within the definition of a miscellaneous tariff filing under Minn. R. 7829.0100, subp. 11, since no determination of Xcel Energy's general revenue requirement is necessary. Minn. R. 7829.1400, subp. 1, permits initial comments on miscellaneous filings to be made within 30 days of filing and reply comments 10 days thereafter.

E. Utility Employee Responsible for Filing

Shawn White
Manager, DSM Regulatory Strategy & Planning
Xcel Energy
414 Nicollet Mall, 6th Floor
Minneapolis, MN 55401
(612) 330-6096

IV. MISCELLANEOUS INFORMATION

Pursuant to Minn. R. 7829.0700, the Company requests that the following persons be placed on the Commission's official service list for this proceeding:

Kari L. Valley
Assistant General Counsel
Xcel Energy
414 Nicollet Mall, 5th floor
Minneapolis, MN 55401
kari.l.valley@xcelenergy.com

Tiffany Hughes
Records Analyst
Xcel Energy
414 Nicollet Mall, 7th Floor
Minneapolis, MN 55401
regulatory.records@xcelenergy.com

Any information requests in this proceeding should be submitted to Ms. Hughes.

V. DESCRIPTION AND PURPOSE OF FILING

A. Background

Minn. Stat. § 216B.241 sets forth Minnesota's policy on utility investments in energy conservation. Generally, this statute provides that qualifying energy conservation

improvements are utility investments or expenses that result in a net reduction in energy use. The statute provides a multi-step process for selecting qualifying programs subject to approval by the CIP Unit of the Minnesota Department of Commerce, Division of Energy Resources (DER). Minnesota Rules part 7690.0550 requires that by April 1 of each year, electric utilities file with the DER a status report on each program undertaken during the previous year.

While the Deputy Commissioner approves the CIP programs to be offered, the Commission has the authority to allow recovery of approved expenses and incentives under Minn. Stat. §§ 216B.16, subd. 6b and 216B.241, subd. 2b. These statutes provide for recovery of CIP expenses through a rate rider mechanism without a general rate case proceeding. Under Minn. Stat. § 216B.16, subds. 6b and 6c, the Commission also has the authority to allow Xcel Energy to earn an incentive designed to encourage vigorous participation and compensate the utility for its efforts. Each April 1, Xcel Energy submits a filing that seeks approval of the allowed incentive calculated in accordance with the approved formula.

In its January 27, 2010 ORDER ESTABLISHING UTILITY PERFORMANCE INCENTIVES FOR ENERGY CONSERVATION in Docket No. E,G999/CI-08-133, the Commission approved a new incentive mechanism designed to encourage utilities to meet and exceed the energy savings goals established in the Next Generation Energy Act of 2007. In its March 30, 2012 ORDER REMOVING NON-LINEAR ADJUSTMENT FROM THE SHARED SAVINGS DSM FINANCIAL INCENTIVE in the same docket, the Commission revised the incentive mechanism with the removal of the non-linear adjustment. Soon after, on December 20, 2012, the Commission approved additional modifications to the incentive mechanism based on the Department's July 9, 2012 REPORT ON THE IMPACTS OF THE 2011 NEW SHARED SAVINGS DSM FINANCIAL INCENTIVE ON INVESTOR-OWNED UTILITY CONSERVATION ACHIEVEMENTS AND CUSTOMER COSTS. This modified incentive mechanism is effective for the length of each utility's current triennial plan. For Xcel Energy, it applies to the 2013-2015 program years. Lastly, during the 2013 Legislature, a provision was added to Minn. Stat. § 216B.241, subd. 7, which allows utilities the option to exclude the net benefits of low-income programs, if negative, from the calculation of the DSM financial incentive.

A Solar*Rewards financial incentive mechanism was granted by the Commission in the March 12, 2012 ORDER APPROVING PERFORMANCE INCENTIVE AS MODIFIED, AND REQUIRING EVALUATION REPORT (Docket No. E002/M-11-1101). The incentive applies to all solar installations rebated between the date of the Commission's Order (March 12, 2012) and December 31, 2015.

B. Purpose of Filing

In this filing, the Company requests approval of its 2014 electric CIP Tracker account, incentives earned for 2014 electric program performance, and the 2015/2016 electric CIP Adjustment Factor.

In support of this request, we provide as Attachment A to this filing, an excerpt from our *2014 CIP Status Report*, which we have submitted concurrently to the DER in its entirety.[1] This Status Report provides the detail behind our 2014 electric and natural gas program costs and achievements. Attachment A to this filing contains the following excerpts from our Status Report that outline our 2014 results:

- Executive Summary, pages 1 to 6.
- 2014 CIP Trackers (Conservation Cost Recovery Report), pages 27 to 31.
- 2015/2016 CIP Adjustment Factor (2014 CIP Adjustment Factor Report), pages 32 to 38.
- 2014 Financial Incentive (Cost-Effectiveness & Performance Mechanism Report), pages 39 to 48.

Please note that the above-referenced page numbers correspond to the numbering in the page headers.

C. 2014 Electric CIP Tracker Account

The Company spent approximately $87.7 million on our electric CIP program in 2014. The Executive Summary provided as pages 1 to 6 of Attachment A summarizes our overall 2014 CIP expenditures and energy savings. The Conservation Cost Recovery Report provided as pages 27 to 31 of Attachment A includes our 2014 electric and natural gas CIP Trackers, which reflect actual 2014 expenditures and revenues, including carrying charges.[2]

As part of the review of utilities' 2009 CIP Cost Recovery and Incentive petitions, the Energy Regulation and Planning Unit of the Department of Commerce, Division of Energy Resources (Department) proposed employee expense guidelines, including a recommended cap on employee expenses of 0.5 percent of the total annual budget or expenses.[3] We report on our 2014 employee expenses below.

1. Employee Expenses

[1] The 2014 CIP Status Report was submitted on April 1, 2015 under Docket No. E,G002/CIP-12-447.07.
[2] Compliance filing for updated electric CIP adjustment factor in Docket E002/M-14-287.
[3] Attachment to the Department's August 13, 2010 Comments in Docket No. E002/M-10-296

The program costs summarized above include $160,358 in employee expenses related to CIP. Attachment B summarizes our employee expenses for 2014. These expenses comprise less than 0.2 percent of our total electric CIP spending for 2014, which is below the Department's proposed cap of 0.5 percent of total annual budget or expenses.

These expenses were incurred consistent with our employee expense policies, which provide guidance on the types of charges that are recoverable and non-recoverable through CIP. We report these expenses at the level of detail available from a query of our accounting system.[4]

2. CIP Projects at Utility Facilities

On July 16, 2013, the Commission ordered the Minnesota utilities to work with the Department to develop a scoping plan for the recommissioning and/or auditing of their facilities located in Minnesota. On June 16, 2014, we submitted our scoping plan, which the Department approved on August 5, 2014 (Docket # E,G999/DI-12-1342). As detailed in the scoping plan, the Company had one facility that fell under the qualifications set forth by the Department. In 2014, the audit was completed for that facility and the costs associated with that audit, totaling $3,176 on the electric side, are included in our cost recovery request.

D. 2014 Financial Incentives

Based on achieved CIP savings of over 481 GWh at the generator, or 110 percent of our 2014 CIP savings goal, and net benefits of approximately $256 million, we propose a CIP electric performance incentive of $40,179,927 We propose a Solar*Rewards incentive of $96,148 based on generation of 2,747,096 kWh from systems rebated in 2014. If approved, the CIP and Solar*Rewards financial incentives would be included in the electric CIP Tracker and recovered through the 2015/2016 CIP Adjustment Factor.

To calculate our proposed CIP incentive, we applied the methodology approved and revised by the Commission in Docket No. E,G999/CI-08-133 and filed in our 2014

[4] As noted in our August 23, 2010 Reply Comments in Docket No. E002/M-10-296, our accounting system has object codes dedicated to several categories of employee expenses, including Business Meals-Employees Only, Business Meals-Non Employees, and Travel Meals. Documentation of the business purpose of the meal and attendees is required as part of the Company's existing expense policy. However, while our current system includes documentation of these details, the system does not provide query access to these details. Further documentation on a specific expense is available upon request.

incentive compliance filing. In that filing, we established the percent of net benefits to be awarded at each level of achievement, and identified the third-party program that we elected to include in the calculation of the 2014 electric incentive.[5] We provide our CIP incentive calculation as pages 39 to 43 of Attachment A.

To calculate our proposed Solar*Rewards incentive, we applied the methodology approved by the Commission in Docket No. E002/M-11-1101. The Commissioner's March 12, 2012 Order approved a solar incentive of $0.035 for every kWh of solar energy produced during the first year of operation of the systems installed under our Solar*Rewards program. The Order clarifies that the incentive plan applies to solar energy generated after the date of the Order (March 12, 2012) through December 31, 2015.

With guidance from the Department and Commission Staff, we calculated the Solar*Rewards incentive using the following interpretation of "energy produced during the first year of operation." First-year generation is calculated the same as first-year savings for our CIP programs, where the savings are estimated based on a full year of operation regardless of when the equipment was installed. We provide our 2014 Solar*Rewards incentive calculation on page 44 of Attachment A.

E. Proposed CIP Adjustment Factor

The Company seeks approval to update its electric CIP Adjustment Factor to $0.001382 per kWh, effective October 1, 2015 through September 30, 2016. This factor allows the Company to recover program costs, financial incentive, and the projected unrecovered Tracker balance.

1. Projected Unrecovered Tracker Balance

We project an unrecovered September 30, 2016 CIP Tracker balance of over $40 million, shown on Attachment A, page 32. This balance represents the program costs and incentive not recovered through the Conservation Cost Recovery Charge (CCRC) and the existing electric CIP Adjustment Factor.[6]

2. Proposed CIP Adjustment Factor

[5] On January 30, 2013 in Docket No. E,G999/CI-08-133, and again on July 9, 2013 in Docket No. E002/M-10-81, we filed our 2013 Incentive Compliance Filing. On August 6, 2013 in the noted Dockets, the Department issued a letter accepting our Compliance Filing.

[6] The CCRC is recovered in base rates.

With this filing, we propose to increase the CIP Adjustment Factor from $0.000545 per kWh to $0.001382 per kWh to recover the Tracker balance over the October 1, 2015 to September 30, 2016 time period. If approved as proposed and implemented October 1, 2015, the average residential electric customer using 676 kWh per month would pay approximately $0.93 per month.

Table 1: Proposed and Current CIP Adjustment Factor

Electric CIP Adjustment Factor	
Proposed ($/kWh)	**Current** ($/kWh)
$0.001382	$0.000545

Pages 32 to 38 of Attachment A provide the calculation of the CIP Adjustment Factor for 2015-2016 and the 2015 and 2016 CIP Tracker Forecast, assuming we implement the proposed factor October 1, 2015. The Company proposes to continue to set the CIP Adjustment Factor to reduce the Tracker balance to approximately $0 by September 30 of the following year. The September 2016 forecasted balance of $6,274 can be seen on page 36 of Attachment A.

As with previous filings, we propose to update the CIP Adjustment Factor using actual revenue recovery and actual expense available at the time of the Company's Reply Comments. Additionally, if the timing of the approval process suggests the implementation of the 2015/2016 CIP Adjustment Factor will occur after October 1, 2015, we will update the implementation date and adjust the proposed factor to recover the approved revenue requirements over the remaining months of the period, through September 2016.

3. Proposed Customer Notice

We propose to implement the below bill message, effective the first month the 2015/2016 CIP Adjustment Factor takes effect, notifying customers of the change in their monthly bills, as follows**:**

> *Effective Oct. 1, 2015, the Resource Adjustment line item on your bill has increased due to a change in the Conservation Improvement Program (CIP) factor. The electric CIP portion of the Resource Adjustment is $0.001382 per kilowatt-hour (kWh).*

We will work with the Commission's Consumer Advocate Office in advance of implementing this proposed customer notice.

4. Provision of Forecast Data

The Provision of Forecast Data clause contained in the electric CIP Adjustment Factor tariff sheet (Sheet No. 5-92.1) requires the Company to annually make available on April 1, a 24-month forecast of the CIP Adjustment Factor applicable to demand billed C&I customers under this Rider. The forecast period begins January 1 of the following year. We provide as Attachment C the forecasted CIP Adjustment Factor rates for 24 months beginning January 1, 2016.

F. Description of the Proposed Tariff

As noted above, we propose to increase the electric CIP Adjustment Factor from $0.000545 per kWh to $0.001382per kWh. We provide as Attachment D to this filing, redline and clean versions of the following proposed tariff sheet:

Minnesota Electric Rate Book—MPUC No. 2
Sheet No. 5-92, revision 14

G. Public Interest Review

We take seriously our commitment to DSM and recognize the CIP program's value to our customers and the State of Minnesota. The programs approved by the Deputy Commissioner and implemented in 2014 resulted in 114 MW of demand savings, over 481 GWh of energy savings, and approximately $256 million in net benefits.

As described in this Petition and detailed in Attachment A, our calculations and approach to applying the proposed Factor to customers' bills follows methods previously approved by the Commission. We have calculated our incentives pursuant to the Commission's approved formulas in Docket Nos. E,G999/CI-08-133 and E002/M-11-1101, and have provided all schedules and information necessary to audit our calculations.

The public interest is served by ensuring that the CIP Adjustment Factor closely tracks costs as they are incurred, keeping rates as accurate as possible. Commission approval of our proposed 2015/2016 CIP Adjustment Factor will allow the Company to closely match expenses with the benefits received and keep the Tracker account in balance, thus avoiding potentially large future rate increases for customers. Therefore, we respectfully request that the Commission approve our proposal.

H. Solar*Rewards Incentive Compliance Report

Order Point No. 2 of the Commission's March 12, 2012 Order in Docket No. E002/M-11-1101 requires the Company to include certain information in its annual April 1 CIP Rider Petition if it intends to seek approval of its annual solar incentive award. We provide as Attachment E a copy of the August 29, 2014 Solar*Rewards Compliance Filing[7] and as Attachment F the CIP Status Report on the Solar*Rewards program,[8] including the program summary and cost-benefit analysis.

VI. EFFECT OF CHANGE UPON XCEL ENERGY REVENUE

For the time period of October 2015 to September 2016, the proposed electric CIP Adjustment Factor of $0.001382per kWh and the CCRC charged in base rates are forecasted to recover approximately $128 million, assuming normal weather. These revenues are necessary to recover the costs incurred to deliver the approved CIP program and the incentive earned on 2014 performance.

CONCLUSION

Xcel Energy respectfully requests that the Commission:

- Approve the Company's 2014 electric CIP Tracker account;
- Approve the CIP incentive of $40,179,927 earned for 2014 program performance;
- Approve the Solar*Rewards incentive of $96,148 earned for 2014 projects; and
- Approve the proposed 2015/2016 electric CIP Adjustment Factor of $0.001382 per kWh.

This request is based on achieving over 481 GWh of electric savings and 114 MW of demand saving and generating approximately $256 million in net benefits.

[7] Docket No. E002/M-10-1278

[8] As filed in the 2014 CIP Status Report submitted on April 1, 2015 under Docket No. E,G002/CIP-12-447.06.

Dated: April 1, 2015

Northern States Power Company

Respectfully Submitted by,

/s/

SHAWN WHITE
MANAGER
DSM REGULATORY STRATEGY & PLANNING

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
John Tuma	Commissioner
Betsy Wergin	Commissioner

IN THE MATTER OF THE PETITION OF NORTHERN STATES POWER COMPANY FOR APPROVAL OF AN ELECTRIC CONSERVATION IMPROVEMENT PROGRAM ADJUSTMENT FACTOR	DOCKET NO. E002/M-15-___ **PETITION**

SUMMARY OF FILING

Please take notice that on April 1, 2015, Northern States Power Company, doing business as Xcel Energy, filed with the Minnesota Public Utilities Commission a Petition for approval of its 2014 electric CIP Tracker account, financial incentives on 2014 performance, and 2015/2016 electric Conservation Improvement Program Adjustment Factor. The Company has proposed to implement an electric CIP Adjustment Factor of $0.001382 per kWh effective October 1, 2015 through September 30, 2016.

Northern States Power Company, a Minnesota corporation 2014 Conservation Improvement Program Status Report Executive Summary

Northern States Power Company, doing business as Xcel Energy, respectfully submits the following comprehensive report of its electric and natural gas Conservation Improvement Program (CIP) achievements for 2014. This report addresses:

- Overall CIP achievements including participation, expenditures, energy conserved and demand reduced by each segment and program;
- CIP Trackers, including 2014 expenditures and cost recovery by month;
- Calculation of the CIP Adjustment Factors for the period from October 2015 through September 2016, including estimated expenditures, cost recovery, and financial incentives;
- Calculation of the 2014 CIP Financial Incentives;
- Benefit-cost analyses by program, as well as explanations of deviations from goal and changes during 2014; and
- Other compliance reports, as required by the CIP Unit of the Minnesota Department of Commerce, Division of Energy Resources (DER) and the Minnesota Public Utilities Commission (Commission).

Achievements

In 2014, our electric program met and surpassed the state's 1.5% energy savings target for the third year in a row, achieving over 481 GWh of electric savings or 1.66% of sales. This level of performance is a result of our efforts to continue to evolve and reinvent our existing portfolio of programs amid increasing pressure from codes and standards along with organic conservation, both occur outside our robust portfolio. We have achieved this significant savings by identifying and targeting new market segments, finding solutions to programs' participation challenges, and reinventing and refreshing our program offers and materials, we continued to engage our customers in energy efficiency.

In our electric Business Segment, the success is primarily attributed to the Business New Construction, Lighting Efficiency and Process Efficiency programs, which contributed more than 173 GWh of achievement in 2014, just shy of 59% of the business portfolio.

In our electric Residential Segment, the top contributors to energy savings were Home Lighting, Residential Cooling, Refrigerator Recycling, and Energy Feedback. These three programs achieved over 118 GWh which accounts for 89% of the total residential segment. This performance was due to continued strong customer interest and response to Company promotions and event marketing.

The natural gas portfolio improved savings over 2013 levels and surpassed its filed energy savings goal of 691,908 Dth. In 2014, we achieved 849,698 Dth of natural gas energy savings, which is 123% of the approved regulatory goal or 1.23% of sales. In the Business Segment, programs that offer both electric and natural gas savings opportunities were quite successful for the most part in 2014, with Business New Construction, Commercial Efficiency, Process Efficiency, and the Recommissioning program all achieving or exceeding their natural gas savings goals. Nearly all of

the Residential Segment gas programs exceeded their natural gas savings goals. We attribute our success to annual trainings and frequent trade partner communications provided.

The Company spent a total of $100.8 million to achieve these results, including $87.9 million spent on electric programs and $12.9 million spent on gas programs. Electric spending was 98% of the approved regulatory budget and natural gas spending was 90% of the approved regulatory budget.

The electric programs will provide approximately $256 million in net benefits to our customers. Net benefits are a measure of the generation, transmission, distribution and energy costs avoided as a result of our conservation programs less the costs to run the programs. The gas programs will provide over $35.9 million in net benefits to our customers.

Our 2014 CIP achievements are summarized in Table 1.

Table 1: Xcel Energy's 2014 CIP Expenditures and Energy Savings

2014	Expenditures ($)	Energy Savings (kWh or Dth)	Demand Savings (kW)
Total Electric Conservation	$63,610,737	478,069,021	81,212
Total Load Management	$8,296,248	509,823	31,764
Total Renewables	$3,666,893	2,747,096	1,047
Total Electric Indirect-Impact	$1,702,233		
Total Other Indirect-Impact	$10,613,679		
Total Electric CIP	**$87,889,789**	**481,325,941 kWh**	**114,023 kW**
Total Gas Conservation	$10,306,556	849,698	
Total Gas Indirect-Impact	$941,951		
Total Other Indirect-Impact	$1,720,432		
Total Gas CIP	**$12,968,939**	**849,698 Dth**	
Total MN CIP	**$100,858,729**		

As shown in Figure 1, our electric achievements were less than 2013 results but in line with recent historical achievements. The Company's cumulative achievements since 1992 exceeds 7,200 GWh of electric energy saved, 13.5 million Dth and over $5.1 billion in net benefits achieved, with total spending of $1.3 billion. The following graphs highlight achievements and spending between 2003 and 2014.

Figure 1: Xcel Energy's 2003-2014 Electric CIP Achievements

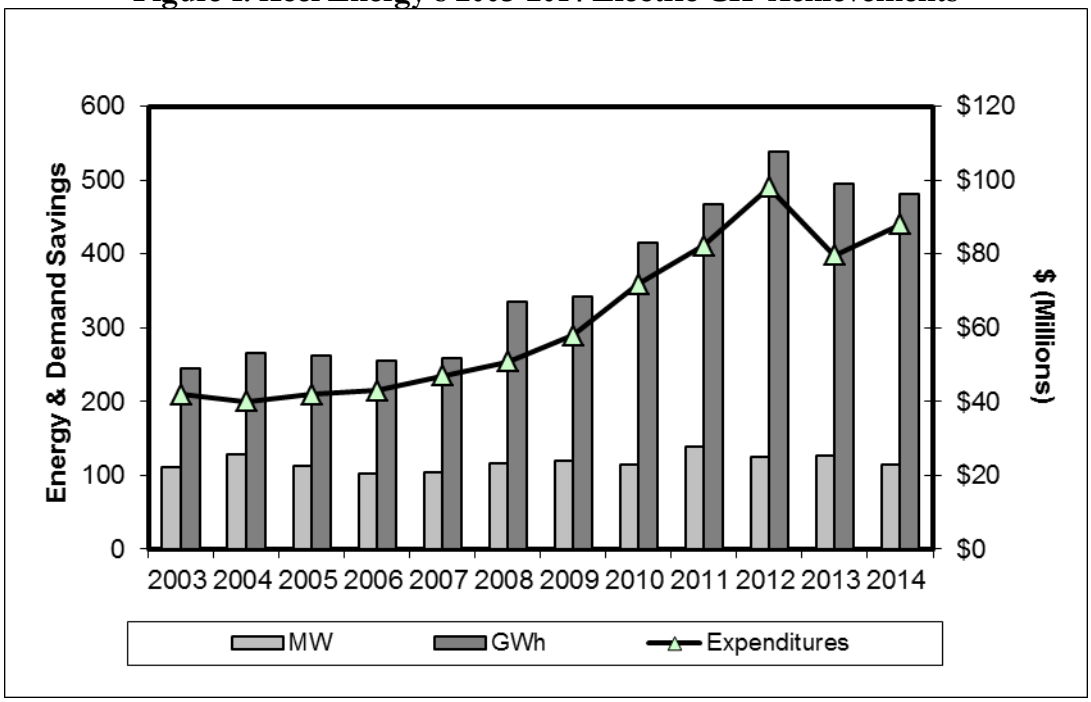
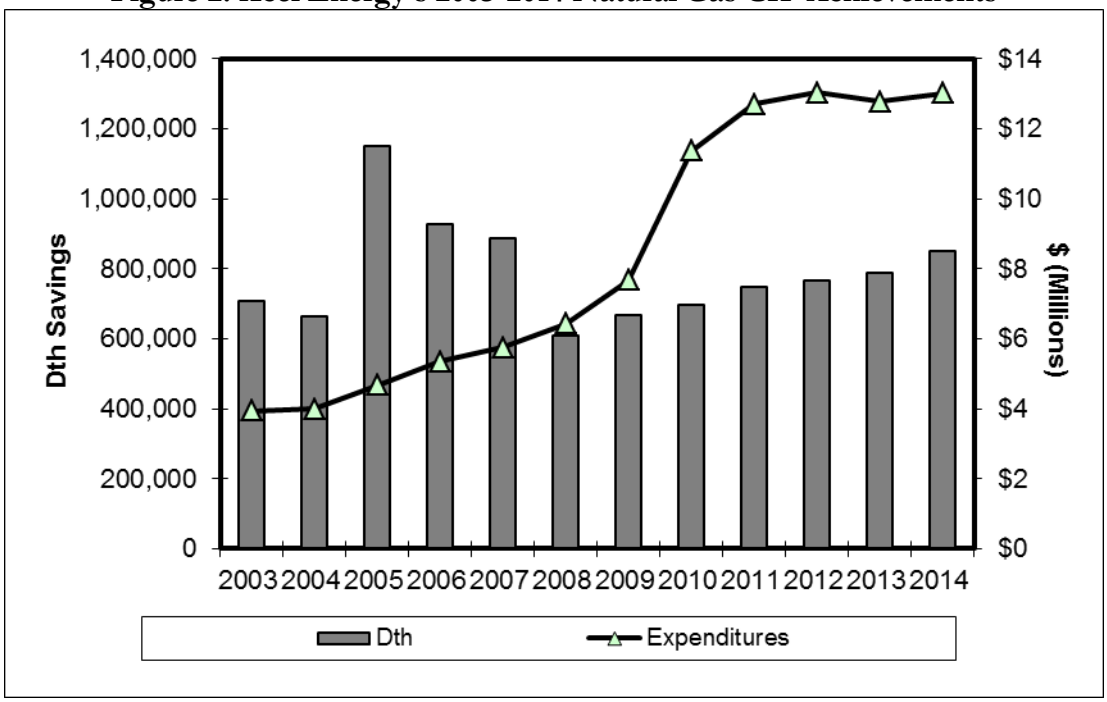


Figure 2: Xcel Energy's 2003-2014 Natural Gas CIP Achievements



The following sections explain in detail the accomplishments of Xcel Energy's 2014 electric and natural gas CIP.

- ***Compliance Reporting*** – This section provides information to satisfy provisions in Minnesota Statutes sections 216B.2401, 216B.241, and 216B.2411, including spending requirements and caps. This section also includes all other ordered compliance requirements, including those required by the Commissioner's October 1, 2012 Decision in this docket.

- ***Conservation Cost Recovery Report*** (Docket No. E002/GR-92-1185) – Provides the 2014 CIP Trackers. Xcel Energy seeks approval to record $87,889,789 in electric spending and $12,968,939 in gas spending in its CIP Tracker accounts.

- ***CIP Adjustment Rate Report*** (Docket No. E002/M-94-1016) – Calculates the electric and gas CIP Adjustment Factors to be applied to customer usage for recovery of 2014 conservation expenditures, effective for the period October 2015 through September 2016. Xcel Energy is proposing new electric and gas CIP Adjustment Factors of $0.001382 kWh and $0.020361/therm, respectively.

- ***Cost-Effectiveness and Performance Mechanism Report*** (Docket No. E,G999/CI-08-133 and Docket No. E002/M-11-1101) Details the mechanisms and calculations of Xcel Energy's DSM Financial Incentives. The Company requests approval to record and recover from customers $40,276,075 in electric and $5,781,193 in natural gas DSM performance incentives in its CIP Trackers.

- ***2014 CIP Status Report*** – Minn. R. 7690.0550 states the information that a utility must include in its annual program status report. This report shows budgets and goals, expenditures, actual energy savings, and participation.

- ***Cost-Effectiveness*** – Minn. R. 7690.0550, subd. E requires a utility to provide information on the cost-effectiveness of its programs, as calculated from the utility, participant, ratepayer, and societal perspectives. This section includes all cost-effectiveness analyses, detailed technical assumptions by program and by segment, and project information sheets are included as Attachment A to this filing.

Executive Summary Table - Electric and Gas CIP Goals - 2014

2014	Electric Participants	Electric Budget	Customer kW	Generator kW	Generator kWh	Gas Participants	Gas Budget	Dth Savings
Business Segment								
Business New Construction	49	$6,055,734	6,083	5,975	25,085,206	13	$450,056	23,235
Commercial Efficiency	20	$1,837,293	1,527	1,033	8,861,195	8	$335,181	20,301
Computer Efficiency	2,908	$1,420,915	1,588	1,707	12,426,585	0	$0	0
Cooling Efficiency	1,106	$1,950,860	1,979	1,644	7,106,359	0	$0	0
Custom Efficiency	123	$3,074,265	3,677	1,773	17,140,222	53	$713,216	39,984
Data Center Efficiency	15	$848,062	807	557	7,050,853	0	$0	0
Efficiency Controls	90	$1,426,994	2,165	350	17,274,536	33	$249,168	25,014
Fluid Systems Optimization	494	$1,615,374	2,248	2,202	14,507,254	0	$0	0
Foodservice Equipment	72	$55,191	147	108	729,965	82	$108,101	7,207
Heating Efficiency	0	$0	0	0	0	704	$1,578,882	200,010
Lighting Efficiency	589	$5,471,322	7,547	6,675	40,022,385	0	$0	0
Motor Efficiency	877	$4,335,454	7,217	6,057	36,021,638	0	$0	0
Process Efficiency	81	$6,909,437	12,314	9,076	75,856,071	21	$851,073	135,761
Recommissioning	124	$1,148,781	1,838	587	11,938,416	30	$127,139	14,071
Self-Direct	15	$2,743,423	4,831	3,258	14,876,387	3	$125,437	14,801
Turn Key Services	391	$1,502,201	2,108	666	7,668,306	54	$68,767	10,529
Business Segment Energy Efficiency Total	**6,954**	**$40,395,306**	**56,076**	**41,668**	**296,565,377**	**1,002**	**$4,607,020**	**490,913**
Electric Rate Savings	80	$483,602	16,000	8,165	302,531	0	$0	0
Saver's Switch for Business	1,151	$2,037,295	12,620	3,256	21,090	0	$0	0
Business Segment Load Management Total	**1,231**	**$2,520,897**	**28,620**	**11,421**	**323,621**	**0**	**$0**	**0**
Business Education	14,000	$247,498	0	0	0	1,900	$37,412	0
Small Business Lamp Recycling	55,000	$35,200	0	0	0	0	$0	0
Business Segment Indirect Total	**69,000**	**$282,698**	**0**	**0**	**0**	**1,900**	**$37,412**	**0**
Business Segment Total	**77,185**	**$43,198,901**	**84,696**	**53,088**	**296,888,998**	**2,902**	**$4,644,432**	**490,913**
Residential Segment	0						$0	
Energy Efficient Showerheads	1,050	$15,025	175	0	360,781	13,950	$182,087	22,852
Energy Feedback	142,500	$1,017,621	851	635	8,142,278	142,500	$415,873	25,859
ENERGY STAR Homes	860	$204,376	297	106	900,058	500	$781,748	35,485
Heating System Rebates	7,000	$759,010	1,750	1,343	4,745,263	5,777	$1,173,079	17,418
Home Energy Squad	5,501	$1,229,621	3,468	583	2,820,466	3,000	$800,059	28,229
Home Lighting	594,824	$4,598,468	60,027	9,176	69,378,126	0	$0	0
Home Performance with ENERGY STAR®	225	$98,853	211	140	162,570	225	$271,998	7,210
Insulation Rebate	296	$89,082	467	240	340,788	1,092	$334,065	15,033
Refrigerator Recycling	6,000	$848,163	1,290	778	6,787,010	0	$0	0
Residential Cooling	9,987	$4,735,920	9,153	9,022	5,417,907	0	$0	0
School Education Kits	20,000	$617,668	1,890	155	1,957,614	20,000	$483,082	21,597
Water Heater Rebate	0	$0	0	0	0	1,380	$187,995	3,677
Residential Segment Energy Efficiency Total	**788,243**	**$14,213,807**	**79,579**	**22,178**	**101,012,862**	**188,424**	**$4,629,986**	**177,360**
Residential Segment Load Management - Saver's Switch	**20,000**	**$4,961,935**	**60,413**	**17,690**	**177,738**	**0**	$0	**0**
Consumer Education	433,854	$776,640	0	0	0	382,912	$540,806	0
Home Energy Audit	3,300	$576,731	0	0	0	2,500	$402,739	0
Residential Lamp Recycling	315,000	$201,600	0	0	0	0	$0	0
Residential Segment Indirect Total	**752,154**	**$1,554,971**	**0**	**0**	**0**	**385,412**	**$943,545**	**0**
Residential Segment Total	**1,560,397**	**$20,730,713**	**139,991**	**39,869**	**101,190,600**	**573,836**	**$5,573,531**	**177,360**
Low-Income Segment	**0**						**$0**	
Home Energy Savings Program	2,100	$1,358,641	563	186	915,688	400	$1,188,045	9,360
Low-Income Home Energy Squad	1,650	$391,308	1,228	184	994,948	1,650	$468,136	14,274
Multi-Family Energy Savings Program	596	$818,914	478	129	722,431	0	$0	0
Low-Income Segment Total	**4,346**	**$2,568,863**	**2,269**	**498**	**2,633,067**	**2,050**	**$1,656,181**	**23,635**
Planning Segment	0						$0	
Application Development and Maintenance	0	$1,101,600	0	0	0	0	$267,246	0
Advertising & Promotion	0	$2,574,000	0	0	0	0	$588,000	0
CIP Training	0	$125,000	0	0	0	0	$40,000	0
Regulatory Affairs	0	$415,743	0	0	0	0	$134,548	0
Planning Segment Total	**0**	**$4,216,343**	**0**	**0**	**0**	**0**	**$1,029,794**	**0**
Research, Evaluations & Pilots Segment	0						$0	
Market Research	0	$574,920	0	0	0	0	$443,333	0
Product Development	0	$807,000	0	0	0	0	$227,972	0
Business Energy Feedback Pilot			0	0	0	0		0
Research, Evaluations & Pilots Segment Total		**$1,381,920**					**$671,305**	
								691,908
PORTFOLIO SUBTOTAL	**1,641,928**	**$72,096,739**	**226,956**	**93,455**	**400,712,665**	**578,788**	**$13,575,243**	**691,908**
Renewable Energy Segment - SolarRewards	75	$3,625,431						
Alternative Filings	0							
CEE One-Stop Efficiency Shop		$10,608,000	10,230	11,000	35,000,000			
EnerChange		$337,500			0		$412,500	
Energy Smart		$342,000			0		$18,000	
Trillion BTU		$345,150			0		$38,350	
Energy Intelligence		$339,921			0		$37,769	
Alternative Filings Total		**$11,972,571**	10,230	11,000	**35,000,000**		**$506,619**	
Assessments Segment		$1,736,000					$345,600	
Electric Utility Infrastructure Segment								
Made in Minnesota								
PORTFOLIO TOTAL	**1,641,928**	**$89,430,741**	**237,186**	**104,455**	**435,712,665**	**578,788**	**14,427,462**	**691,908**

Executive Summary Table - Electric and Gas CIP Achievements - 2014

2014	Electric Participants	Electric Spend	Customer kW	Generator kW	Generator kWh	Gas Participants	Gas Spend	Dth Savings
Business Segment						-		
Business New Construction	122	$8,413,942	10,758	10,455	56,107,130	43	$773,153	74,343
Commercial Efficiency	78	$1,377,956	1,581	1,447	10,292,994	6	$197,432	49,779
Computer Efficiency	6,544	$1,005,356	2,356	2,528	18,440,785	-	$0	0
Cooling Efficiency	998	$3,480,539	4,102	3,679	12,098,150	-	$151	0
Custom Efficiency	74	$1,831,022	2,338	1,025	9,454,575	24	$219,872	21,140
Data Center Efficiency	30	$606,121	1,919	1,480	16,695,468	-	$0	0
Efficiency Controls	62	$902,423	1,282	284	9,229,766	23	$145,460	18,979
Fluid Systems Optimization	303	$1,882,498	2,828	2,316	17,964,686	-	$0	0
Foodservice Equipment	34	$24,723	86	58	406,095	21	$37,359	2,791
Heating Efficiency	0	$0	-	-	-	348	$840,440	113,938
Lighting Efficiency	1,297	$6,177,344	11,388	9,511	54,735,085	-	$0	0
Motor Efficiency	445	$2,452,001	3,772	3,156	19,746,730	-	$0	0
Process Efficiency	234	$5,353,636	8,877	5,182	62,796,855	22	$954,845	232,469
Recommissioning	96	$898,319	782	277	4,958,430	30	$188,450	14,723
Self-Direct	0	$3,013	-	-	-	-	$1,561	0
Turn Key Services	215	$752,588	542	408	2,812,109	72	$133,390	4,060
Business Segment Energy Efficiency Total	**10,532**	**$35,161,482**	**52,610**	**41,806**	**295,738,858**	**589**	**$3,492,115**	**532,222**
Electric Rate Savings	136	$549,973	16,472	8,413	312,163	-	$0	0
Saver's Switch for Business	1,165	$2,065,978	18,829	5,008	26,170	-	$0	0
Business Segment Load Management Total	**1,301**	**$2,615,951**	**35,301**	**13,421**	**338,333**	**-**	**$0**	**0**
Business Education	14,674	$212,849	-	-	-	2,219	$36,682	0
Small Business Lamp Recycling	67,935	$40,625	-	-	-	-	$0	0
Business Segment Indirect Total	**82,609**	**$253,474**	**-**	**-**	**-**	**2,219**	**$36,682**	**0**
Business Segment Total	**94,442**	**$38,030,908**	**87,911**	**55,227**	**296,077,191**	**2,808**	**$3,528,796**	**532,222**
Residential Segment	0	$0	-	-	-	-	$0	0
Energy Efficient Showerheads	3,485	$33,647	-	-	1,030,165	16,112	$244,726	37,905
Energy Feedback	124,214	$1,075,076	1,577	1,730	10,499,204	124,214	$413,572	25,591
ENERGY STAR Homes	1,873	$690,705	1,472	711	2,305,035	867	$907,035	55,742
Heating System Rebates	8,993	$975,722	2,248	1,726	6,077,892	6,695	$1,908,291	112,740
Home Energy Squad	4,064	$1,166,260	5,921	1,697	3,450,817	1,727	$481,013	18,771
Home Lighting	864,679	$4,862,112	85,378	11,754	93,874,018	-	$0	0
Home Performance with ENERGY STAR®	176	$113,341	230	102	166,105	177	$239,409	6,843
Insulation Rebate	898	$97,191	453	249	327,417	1,136	$316,183	16,057
Refrigerator Recycling	6,313	$704,423	1,255	758	6,606,888	-	$0	0
Residential Cooling	11,260	$4,406,488	9,410	9,285	7,418,339	-	$0	0
School Education Kits	14,432	$331,012	2,165	104	1,384,567	14,432	$244,840	18,893
Water Heater Rebate	0	$0	-	-	-	1,910	$267,916	5,258
Residential Segment Energy Efficiency Total	**1,040,387**	**$14,455,977**	**110,110**	**28,116**	**133,140,446**	**167,270**	**$5,022,984**	**297,800**
Residential Segment Load Management - Saver's Switch	**19,164**	**$5,680,297**	**58,172**	**18,343**	**171,490**	**-**	$0	**0**
Consumer Education	526,947	$763,574	-	-	-	405,887	$482,479	0
Home Energy Audit	2,741	$446,717	-	-	-	2,301	$422,791	0
Residential Lamp Recycling	384,966	$238,468	-	-	-	-	$0	0
Residential Segment Indirect Total	**914,654**	**$1,448,759**	**-**	**-**	**-**	**408,188**	**$905,270**	**0**
Residential Segment Total	**1,955,041**	**$21,585,033**	**168,282**	**46,459**	**133,311,936**	**575,458**	**$5,928,253**	**297,800**
Low-Income Segment	**0**	**$0**	**-**	**-**	**-**	**-**	**$0**	**0**
Home Energy Savings Program	2,098	$1,120,679	494	170	918,234	457	$1,426,746	7,263
Low-Income Home Energy Squad	1,430	$295,201	1,662	382	1,008,187	1,466	$364,713	12,413
Multi-Family Energy Savings Program	2,238	$806,748	668	144	1,026,922	-	$0	0
Low-Income Segment Total	**5,766**	**$2,222,627**	**2,824**	**696**	**2,953,342**	**1,923**	**$1,791,458**	**19,676**
Planning Segment	0	$0	-	-	-	-	$0	0
Application Development and Maintenance	0	$846,563	-	-	-	-	$264,176	0
Advertising & Promotion	0	$2,400,994	-	-	-	-	$582,828	0
CIP Training	0	$100,198	-	-	-	-	$20,613	0
Regulatory Affairs	0	$414,484	-	-	-	-	$100,477	0
Planning Segment Total	**0**	**$3,762,238**	**-**	**-**	**-**	**-**	**$968,094**	**0**
Research, Evaluations & Pilots Segment	0	$0	-	-	-	-	$0	0
Market Research	0	$367,338	-	-	-	-	$238,573	0
Product Development	0	$478,546	-	-	-	-	$98,998	0
Business Energy Feedback Pilot	0	$287,814	-	-	-	2,216	$7,816	0
Research, Evaluations & Pilots Segment Total	**16,304**	**$1,133,697**	**-**	**-**	**-**	**2,216**	**$345,387**	**0**
PORTFOLIO SUBTOTAL	**2,090,717**	**$66,734,503**	**259,017**	**102,382**	**432,342,469**	**582,405**	**$12,561,989**	**849,698**
Renewable Energy Segment - SolarRewards	75	$3,666,893	1,957	1,047	2,747,096	-	$0	0
Alternative Filings	0	$0	-	-	-	-	$0	0
CEE One-Stop Efficiency Shop	1,715	$11,770,650	10,599	10,595	46,236,376	-	$0	0
EnerChange	0	$401,397	-	-	-	-	$44,563	0
Energy Smart	0	$342,834	-	-	-	-	$17,138	0
Trillion BTU	0	$99,107	-	-	-	-	$11,738	0
Energy Intelligence	0	$412,393	-	-	-	-	$30,672	0
Alternative Filings Total	**1,715**	**13,026,380**	**10,599**	**10,595**	**46,236,376**	**-**	**$104,111**	**0**
Assessments Segment	0	$1,822,530	-	-	-	-	$299,907	0
Electric Utility Infrastructure Segment	**0**	**$3,176**	**-**	**-**	**-**	**-**	**$2,933**	**0**
Made in Minnesota	**0**	**$2,636,309**	**-**	**-**	**-**	**-**	**$0**	**0**
PORTFOLIO TOTAL	**2,092,507**	**$87,889,789**	**271,573**	**114,023**	**481,325,941**	**582,405**	**$12,968,939**	**849,698**

Compliance Reporting

Minnesota Rules ch. 7690 contains the requirements and procedures for CIP filings. Minnesota Statutes sections § 216B.2401, 216B.241, and 216B.2411 contain provisions the Company must meet in its CIP. All compliance points are addressed in this section.

Statutory Requirements

Minimum Spending Requirement

Minn. Stat. § 216B.241, requires that 2.0% of the Company's electric Gross Operating Revenues (GOR) be spent on electric CIP and 0.5% of gas GOR be spent on gas CIP. Table 4 shows our spending in relation to our approved minimum spending requirement.

Table 4: Minimum Spending Requirement

	Minimum Spending Requirement	Approved Spend	Actual Spend	Variance of Actual to Minimum Spend
Electric	$52,726,173	$89,430,741	$87,889,789	$35,163,616
Gas	$2,633,778	$14,427,462	$12,968,939	$10,335,161
Total	$55,359,951	$103,858,204	$100,858,729	$45,498,777

*Approved Spend matches the total approved budgets in the Aug 16, 2013 Summary Decision filed under this docket. Difference of $1 due to rounding.

2014 Achievements as a Percentage of Sales

Table 5 shows our achievements as a percent of our 2009-2011 weather-normalized retail sales, excluding exempt customers.

Table 5: Achievements as Percent of Sales

	Electric			Gas		
Year	Energy Savings Achieved (MWh)	Total Adjusted Sales (MWh)	Savings as % of Retail Sales	Energy Savings Achieved (Mcf)	Total Adjusted Sales (Mcf)	Savings as % of Retail Sales
2014	481,326	28,987,234	1.66%	849,698	69,458,419	1.22%

2014 Low-Income Spending Requirement

Beginning in 2013, the revised Minn. Stat. § 216B.241, subd. 7 requires municipal utilities to spend at least 0.2 percent of the most recent three-year average residential electric Gross Operating Revenue and at least 0.4 percent of the most recent three-year average residential gas GOR on low-income programs, unless otherwise approved by the Commissioner. This change to the statute was put into effect after the Triennial Plan was approved. Per Commission Order on January 9, 2015, the Company's low-income spending requirement will be based on three-year average revenues. The specific three-year period is derived from Minn. Rules 7690.1200, implying that the annual electric and gas minimum low income expenditures during Xcel Energy's 2013-2015 Triennial Plan will be

based on 2009-2011 average electric and gas revenues from low income residential customers. Table 6 below notes these new requirements and 2014 achievement.

Table 6: Updated Low-Income Spending Requirement 2013-2015

	Electric		Natural Gas	
	% of 2009-2011 average residential GOR	Spending	% of 2009-2011 average residential GOR	Spending
Minimum	0.2%	$1,944,531	0.4%	$1,133,768
Achieved	0.23%	$2,222,627	0.63%	$1,791,458

The table below compares our 2014 actual spend to the updated requirement. Both the approved low-income spend and actual spend is representative of only programs found in the low-income segment and does not include spending associated with alternative programs, specifically Enerchange and EnergyWise, even though they also target low-income and non-profit customers. The Low-Income segment section explains in detail the low-income achievements.

Table 7: Low-Income Spending Requirement

	Minimum Spending Requirement	Approved Low Income Spend	Actual Spend	Variance of Actual to Minimum Spend
Electric	$1,994,531	$2,568,863	$2,222,627	$228,096
Gas	$1,133,768	$1,656,181	$1,791,458	$657,690
Total	$3,128,299	$4,225,044	$4,014,085	$885,786

*Approved Spend matches the total approved budgets in the Aug 16, 2013 Summary Decision filed under this docket. Difference of $1 due to rounding.

2014 Research & Development 10% Spending Cap

The Company complied with Minn. Stat. § 216B.241, subd. 2(c), which limits spending on Research & Development to 10% of the minimum spending requirement. As discussed on page 118 of the 2013-2015 Triennial Plan, all Product Development spend will be subject to this cap. Spending details are shown below.

Table 8: Research & Development Spending Cap

	Annual Spending Cap	Approved Spend	Actual Spend	Variance of Actual to Cap
Electric	$5,272,617	$807,000	$478,546	-$4,794,071
Gas	$263,378	$227,972	$9,899	-$253,479
Total	$5,535,995	$1,034,972	$488,445	-$5,047,550

Distributed Energy Resources Spending Cap

Minn. Stat. § 216B.2411, subd. 1(a) allows utilities to spend up to five percent of the utility's minimum spending requirement on distributed generation projects. Minn. Stat. § 216B.2411, subd. 1(b) allows utilities to request authority to exceed the 5% limit, up to a 10% cap, to meet customer demand for

installation of qualifying solar energy projects. In the October 1, 2012 Decision for this Triennial Plan, the DER approved an annual budget of $5,000,000 for the Solar*Rewards program. In addition, it was ordered that all unspent Solar*Rewards funds from the 2010-2012 triennial be rolled over to the 2013-2015 triennial period. In total, $45,093[1] of the 2010-2012 triennial budget was not spent, resulting in a total approved 2013-2015 Solar*Rewards budget of $15,045,093.

Table 9: Distributed Energy Resources Spending Cap

	Annual Spending Cap	Approved 2014 Spend	Actual Spend	Variance of Actual to Cap
Electric	$5,272,617	$5,000,000	$3,666,893	-$1,605,724

Lighting Use and Recycling Programs

Minn. Stat. § 216B.241 requires utilities to invest in projects that encourage the use of energy efficient lighting and reclamation or recycling of spent fluorescent and high intensity discharge lamps. Xcel Energy met this requirement through its business and residential lighting and lamp recycling programs.

Carry-forward Provision

Minn. Stat. §216B.241, subd. 1c. allows utilities to carry forward energy savings in excess of 1.5% for a year to the succeeding three calendar years for customer program savings and five years for electric utility infrastructure projects. Because we surpassed the 1.5% electric savings goal, we meet the eligibility guidelines for use of the carry-forward provision.

Until further definition of how to apply the Carry-Forward Provision is given, the Company requests the ability to retroactively apply the interpretation, expected from the Department later this year, to energy savings achieved in 2014. The Company understands that one area of interpretation is not in question – that carry-forward energy savings can only be applied to one year's incentive calculation. We confirm that we are applying all 2014 energy savings to the calculation of the 2014 incentive and will therefore not apply any 2014 savings that are deemed eligible for carry-forward to any subsequent years' incentive calculation.

The following tables confirm our eligibility for the carry-forward provision for the 2014 program year and provide an update of the previously approved carry forward savings.

Table 10: Total Savings and Percent of Sales for Customer Program and EUI Savings

2014	kWh	% of Sales
Customer Program Achievements	481,325,941	1.66%
EUI Achievements	0	0.00%
Total	481,325,941	1.66%

[1] Total 2010-2012 approved budget of $15,009,594, minus total 2010-2012 spend of $14,964,501 equals $45,093. Total spend breakdown: 2010- $2,618,197 (Docket 09-198.04, page 7), 2011- $3,653,549 (Docket 09-198.05, page 6), 2012- $8,692,756 (Docket 09-198.06, page 6). Difference due to rounding.

Made in Minnesota

Minn. Statute §216C.412 Subd. 2, established in 2013, requires public utilities to pay a portion of their minimum spend amount towards the Made in Minnesota solar energy production incentive account beginning January 1, 2014, and each January 1 thereafter, through 2023, for a total of ten years. Each electric public utility subject to section 216B.241 must annually pay to the commissioner of commerce five percent of the minimum amount it is required to spend on energy conservation improvements under section 216B.24. The Department invoices the Company for these fees on a yearly basis. The following table details our compliance towards this statute.

	5% of Minimum Spend	2014 MiM Assessment
Made In Minnesota (CIP Funds)	$2,636,309	$2,636,309

Triennial Decision Requirements

The following requirements were established in the Commissioner's October 1, 2012 Decision approving our 2013-2015 CIP Triennial Plan in Docket No. E,G002/CIP-12-447.

Budget Flexibility

The Company was granted flexibility to exceed the approved budgets for cost-effective, direct impact segments and indirect segments by 25 percent. To go beyond 125 percent, the Company is required to submit either a letter or formal modification, depending on the segment, requesting permission to do so. The Low Income Electric and Renewable Energy segments are not to exceed their approved budget. Below is a table showing flexibility by segment. In 2014, all segments remained within allowed flexibility.

Table 12: Budget Flexibility by Segment 2013-2015

Segment	Electric CIP	Gas CIP
Business	25%, ltr req above 25%	25%, ltr req above 25%
Residential	25%, ltr req above 25%	25%, ltr req above 25%
Low-Income	no flexibility	25%, ltr req above 25%
Renewable Energy	no flexibility	NA
Planning	25%, formal mod above 25%	25%, formal mod above 25%
Research, Evaluations & Pilots	25%, formal mod above 25%	25%, formal mod above 25%

Program Modifications

Minn. R. 7690.1400 requires utilities to file formal program modifications when:

- Proposing a new project;
- Discontinuing an existing project;
- Reducing the minimum qualifying efficiency level of a measure or technology;
- Decreasing project budgets, savings and participation goals;
- Increasing the Planning segment annual budget by more than 25%; and
- Increasing the Research, Evaluations, and Pilots segment by more than 25%.

In addition, the Decision approved the continuation of the informal modification process implemented and agreed to back in October 2011. The requirements of the informal process are:

1. Approval of new energy conservation measures;

2. Change to an existing measure that would impact savings or cost-effectiveness; and
3. Courtesy notifications for program structure, rebate structure, or program policy changes.

In 2014, the Company did not submit any formal program modification filings.

Customer Incentive Flexibility

The Company has the flexibility to change rebate amounts provided changes do not result in the rebate exceeding the incremental cost of the efficiency improvement and are not made in an effort to take a customer away from a competitor. The Company complied with this requirement.

Tankless Water Heaters

In the Triennial Decision, the Commissioner required the Company to report any adverse impacts of tankless water heaters on gas distribution systems identified through the Company's ongoing gas distribution system monitoring activities in its annual status reports. Specifically, the status report should address:

1. The effect of tankless units rebated by the Company on peak day gas consumed on the Company's distribution system; and
2. The type and cost of any infrastructure paid for by the Company as a result of tankless water heaters.

Effect of Tankless Water Heaters on Peak Day Consumption

The Company does not have a system in place to isolate the impact from tankless water heaters on peak day consumption. Instead, the Company's gas utility representatives routinely check for irregular dips in pressure due to increased demand during both regular and peak times. The gas representatives did not find any non-standard pressure drops in 2014.

Type and Cost of Infrastructure to Serve Tankless Gas Water Heaters

No increased incremental costs were incurred by the gas utility as a result of the installation of tankless water heaters rebated in 2014. Gas utility representatives reported only routine meter changes and pressure adjustments in 2014.

Solar*Rewards Program

Solar*Rewards was offered initially beginning in 2010. With approval from both the Commission and the Department of Commerce-Division of Energy Resources, the first generation Solar*Rewards program and tariff was closed to new applicants in 2014. Pursuant to the 2013 Energy Omnibus bill, the Company also filed a new solar energy incentive program, also called Solar*Rewards. This second generation program is funded by the Renewable Development Fund (RDF) and will not appear in future status reports. The 2014 Status Report includes projects finalized in 2014, but applied for in 2013. The CIP Solar*Rewards program offered an incentive of $1.50/watt of solar installed.

Other Regulatory Requirements

Compliance with Measurement and Verification ("M&V") Protocols for Large Custom CIP Projects

On July 23, 2008, the Deputy Commissioner approved the M&V Protocols for Large Custom CIP Projects, as part of Docket No. E,G999/CIP-06-1591. The Protocols apply to custom projects that have savings greater than 1 GWh or 20,000 Dth and are initiated after April 1, 2008. We had 12 projects that met these criteria and required monitoring. We submitted monitoring reports for all of these qualifying projects to the DER.

2014 Employee Expenses

In the Department's August 13, 2010 Comments in Docket No. E002/M-10-296, the Department proposed employee expense guidelines, including a recommended cap on employee expenses of 0.5 percent of total annual budgets or expenses. In 2014, the Company had a total of $189,688 in employee expenses related to CIP. These expenses comprise 0.2% of our total CIP spending for 2014, which is below the Department's proposed cap of 0.5% of total annual budget or expenses. The following table summarizes our employee expenses for 2014.

Table 13: Summary of 2014 Employee Expenses

Employee Expense Category	Electric Amount	Gas Amount	Total
Airfare	$17,939	$3,325	$21,265
Hotel	$17,985	$7,027	$25,013
Car Rental	$904	$6	$910
Taxi/bus	$2,745	$808	$3,553
Mileage	$46,282	$9,110	$55,391
Parking	$5,224	$908	$6,133
Business Meals- Employees Only	$8,690	$2,020	$10,710
Travel Meals- Employees Only	$1,880	$428	$2,308
Business Meals- Including Non-Employees	$25,443	$2,741	$28,184
Conferences/Seminars/Training	$33,266	$2,956	$36,222
Total Employee Expenses	**$160,358**	**$29,329**	**$189,688**

These expenses were incurred consistent with our employee expense policies, which provide guidance on the types of charges that are recoverable and non-recoverable through CIP. We report these expenses at the level of detail available from a query of our accounting system.

CIP Projects at Utility Facilities

On July 16, 2013, the Commission ordered the MN utilities to work with the Department to develop a scoping plan for the recommissioning and/or auditing of their facilities located in Minnesota. On

June 16, 2014, we submitted our scoping plan, which the Department approved on August 5, 2014. As detailed in the scoping plan, the Company had one facility that fell under the qualifications set forth by the Department. In 2014, the audit was completed for that facility and the costs associated with that audit are included in this status report.

2014 Influenced Savings Projects

There are nine influenced savings projects to report for 2014. The term "Influenced Savings" refers to projects for which Xcel Energy played a significant role in the customer's decision to implement an energy efficiency measure and for which the customer participated in the normal Custom Efficiency project submission process, yet whose cost-effective analysis or payback period failed. For such projects, Xcel Energy denies the customer any rebate for their efficiency measure, but claims Influenced Savings in order to appropriately account for the Company's energy and demand savings for the implementation of the higher energy efficiency technology and to recognize the often significant labor and/or study costs invested in the project.

To qualify as an influenced savings project, the project must satisfy the following guidelines:

1. Project Pre-approval – Must occur prior to purchase and installation.
2. Cost-Effectiveness Tests – Projects must pass the Participant and Societal Tests.
3. Payback – Projects with a payback period of less than nine months may be considered only if they meet all the other Influenced Savings guidelines herein.
4. Large Projects – Projects with savings of 2 GWh and greater require separate DER pre-review. All other projects will be reviewed as part of the Status Report.
5. Savings Cap – Influenced Savings claims cannot exceed 4% of the Company's annual CIP achievements.
6. Documentation – Documentation must be provided to show Xcel Energy's involvement was an important factor in implementing the energy saving project.

Xcel Energy submits the following supplemental information for its three influenced savings projects in 2014. Table 14 summarizes the programs affected by these projects and the associated savings. To maintain customer anonymity, the projects will be referred to as "Project 1," "Project 2," and so forth. As required for Influenced Savings, these projects received Xcel Energy preapproval and passed the societal and participant tests, but did not receive a rebate. Influenced savings projects are included in the programs they fall under. Savings from Influenced Savings projects account for less than 0.2% of total electric savings and less than 0.6% of total gas savings.

Table 14: Summary of Influence Savings Projects

Project OID	Program	Customer KW	Customer kWh	Dth
1590422	Lighting	14.12	103,265	-83
1600099	Lighting	63.42	348,603	-279
1699518	Fluid System Optimization	67.81	593,994	0
1702921	Custom	19.91	131,409	0
1722202	Lighting	15.56	75,844	-61
1726879	Data center	109.48	959,051	0
1760317	Custom	18.95	165,965	0
1798921	Lighting	128.94	203,305	0
1816351	Custom	5.96	26,102	0
	Totals	444.15	2,607,538	-423

Project Descriptions

The 2014 Influenced Savings Project summary trackers comprise the following nine pages.

Project Number OID1590422

Program Name Lighting Efficiency

Project Type Electric

Project Information		
Pre-approval Date	**Equipment Installed**	**Payback (years)**
March 13, 2013	(90) 17W LED	0.48

Electric Cost-Benefit Test Results			
Participant Test	**Utility Test**	**Rate Impact Test**	**Societal Test**
N/A	14.76	N/A	5.79

Gas Cost-Benefit Test Results			
Participant Test	**Utility Test**	**Rate Impact Test**	**Societal Test**
N/A	N/A	N/A	N/A

Project Description
Converted (90) 135W incandescent lamps to 17W LED in hotel lobby and common areas

Estimated Energy Savings			
Customer kW	**Customer kWh**	**Dth Natural Gas**	**Reason for Rebate Denial**
14.12	103,265	-83	Payback Requirements

Project History	
Date	**Description**
3/11/2013	Customer submitted custom application (Xcel Energy account manager spoke with customer prior to submitting custom application). Custom app rejected on 3/15/13 due to <9mo payback.
12/20/2013	Xcel Energy account manager confirmed project was implemented; requested invoices on various LED projects
12/23/2013	Xcel Energy account manager received invoice after requested from vendor
2013 - 2014	Completed 11 other LED projects, 9 of which were custom projects

Project Number OID1600099

Program Name Lighting Efficiency

Project Type Electric

Project Information		
Pre-approval Date	**Equipment Installed**	**Payback (years)**
May 31, 2013	(774) 5WLED lamps	0.75

Electric Cost-Benefit Test Results			
Participant Test	**Utility Test**	**Rate Impact Test**	**Societal Test**
N/A	25.45	N/A	8.38

Gas Cost-Benefit Test Results			
Participant Test	**Utility Test**	**Rate Impact Test**	**Societal Test**
N/A	N/A	N/A	N/A

Project Description
Installed (774) 5W LED lamps in bathrooms, meeting rooms and common space (replaced 25w incandescent)

Estimated Energy Savings			
Customer kW	**Customer kWh**	**Dth Natural Gas**	**Reason for Rebate Denial**
63.42	348,603	-279	Payback Requirements

Project History	
Date	**Description**
5/30/2013	Initial project submitted and rejected
6/11/2013	Scope changed (added lamps) and approved 6/12/13
7/10/2014	Project revised and scope increased - which was rejected on 7/10/14 (<9mo payback)
12/3/2014	Site visit to confirm quantities and verify E-STAR lamps

Project Number OID1699518

Program Name Fluid Systems Optimization

Project Type Electric

Project Information		
Pre-approval Date	**Equipment Installed**	**Payback (years)**
March 6, 2014	EH1200 Desiccant dryer 460V	0.33

Electric Cost-Benefit Test Results			
Participant Test	**Utility Test**	**Rate Impact Test**	**Societal Test**
N/A	18.51	N/A	11.89

Gas Cost-Benefit Test Results			
Participant Test	**Utility Test**	**Rate Impact Test**	**Societal Test**
N/A	N/A	N/A	N/A

Project Description
Install a new externally heated dryer with dew point demand controls instead of a heatless dessicant air dryer without controls

Estimated Energy Savings			
Customer kW	**Customer kWh**	**Dth Natural Gas**	**Reason for Rebate Denial**
67.81	593,994	0	Payback Requirements

Project History	
Date	**Description**
8/13/2013	Study preapproved
1/14/2014	Dessicant dryer installed and invoiced
5/5/2014	Study approved
5/22/2014	Verification received

Project Number OID1702921

Program Name Custom Efficiency

Project Type Electric

Project Information		
Pre-approval Date	**Equipment Installed**	**Payback (years)**
December 26, 2013	E2 refrigerations controls	0.57

Electric Cost-Benefit Test Results			
Participant Test	**Utility Test**	**Rate Impact Test**	**Societal Test**
N/A	10.42	N/A	6.28

Gas Cost-Benefit Test Results			
Participant Test	**Utility Test**	**Rate Impact Test**	**Societal Test**
N/A	N/A	N/A	N/A

Project Description
The customer installed E2 controllers on their grocery store refrigeration system. The proposed system will float the suction and head pressures. The project was analyzed and had too quick of a payback for a rebate.

Estimated Energy Savings			
Customer kW	**Customer kWh**	**Dth Natural Gas**	**Reason for Rebate Denial**
19.91	131,409	0	Payback Requirements

Project History	
Date	**Description**
12/26/2013	The project was analyzed and rejected because it had too quick of a payback for a rebate.
3/24/2014	The project was completed and influenced savings were captured

Project Number OID1722202

Program Name Lighting Efficiency

Project Type Electric

Project Information		
Pre-approval Date	**Equipment Installed**	**Payback (years)**
September 10, 2013	(90) 20W LED lamps	0.53

Electric Cost-Benefit Test Results			
Participant Test	**Utility Test**	**Rate Impact Test**	**Societal Test**
N/A	7.66	N/A	3.39

Gas Cost-Benefit Test Results			
Participant Test	**Utility Test**	**Rate Impact Test**	**Societal Test**
N/A	N/A	N/A	N/A

Project Description
Relamp 150W incandescent with 20W LED

Estimated Energy Savings			
Customer kW	**Customer kWh**	**Dth Natural Gas**	**Reason for Rebate Denial**
15.56	75,844	-61	Payback Requirements

Project History	
Date	**Description**
9/10/2013	Project submitted for engineering preapproval by Xcel Energy account manager
9/10/2013	Project rejected by Xcel Energy due to <9mo payback
10/16/2013	Project invoiced to customer
8/14/2014	Project verifed as operation by Xcel Energy account manager
8/25/2014	Project submitted to Xcel Energy for final refview of influenced savings

Project Number OID1726879

Program Name Data Center Efficiency

Project Type Electric

Project Information		
Pre-approval Date	**Equipment Installed**	**Payback (years)**
November 16, 2010	Server virtualization	-5.87

Electric Cost-Benefit Test Results			
Participant Test	**Utility Test**	**Rate Impact Test**	**Societal Test**
N/A	5.30	N/A	61.70

Gas Cost-Benefit Test Results			
Participant Test	**Utility Test**	**Rate Impact Test**	**Societal Test**
N/A	N/A	N/A	N/A

Project Description
The customer installed 469 Virtualized Servers after a they signed a JEEP 3/17/2009. Xcel Energy began working with this customer in 2008 to identify ways to make their data center more efficient. The savings claimed was very conservative as the customer actually virtualized more servers than originally estimated, but we only claimed the part of the project that was outlined in their JEEP.

Estimated Energy Savings			
Customer kW	**Customer kWh**	**Dth Natural Gas**	**Reason for Rebate Denial**
109.48	959,051	0	Payback Requirements

Project History	
Date	**Description**
3/4/2009	JEEP data collection form completed proposing 470 servers to be virtualized
3/17/2009	JEEP signed listed 470 servers and 2100 servers
12/21/2009	Received study proposal
4/10/2010	Data Center study performed with 500 and 1269 servers evaluated
5/23/2014	Customer submits data to satisfy M&V requirements

Project Number OID1760317

Program Name Custom Efficiency

Project Type Electric

Project Information		
Pre-approval Date	**Equipment Installed**	**Payback (years)**
October 18, 2013	Plastic Injection Molding Machines	0.73

Electric Cost-Benefit Test Results			
Participant Test	**Utility Test**	**Rate Impact Test**	**Societal Test**
N/A	16.39	N/A	16.88

Gas Cost-Benefit Test Results			
Participant Test	**Utility Test**	**Rate Impact Test**	**Societal Test**
N/A	N/A	N/A	N/A

Project Description
The customer installed new plastic injection molding machines

Estimated Energy Savings			
Customer kW	**Customer kWh**	**Dth Natural Gas**	**Reason for Rebate Denial**
18.95	165,965	0	Payback Requirements

Project History	
Date	**Description**
10/14/2013	Custom application was submitted
10/18/2013	The custom application for this project was rejected due to a less than 9 month payback
6/14/2014	The project was completed by the customer and influenced savings were captured

Project Number OID1798921

Program Name Lighting Efficiency

Project Type Electric

Project Information		
Pre-approval Date	**Equipment Installed**	**Payback (years)**
November 25, 2013	(2410) 11W LED lamps	0.73

Electric Cost-Benefit Test Results			
Participant Test	**Utility Test**	**Rate Impact Test**	**Societal Test**
N/A	14.89	N/A	8.00

Gas Cost-Benefit Test Results			
Participant Test	**Utility Test**	**Rate Impact Test**	**Societal Test**
N/A	N/A	N/A	N/A

Project Description
Replaced (2410) 75W inc. with (2410) 11W LED lamps in hotel rooms

Estimated Energy Savings			
Customer kW	**Customer kWh**	**Dth Natural Gas**	**Reason for Rebate Denial**
128.94	203,305	0	Payback Requirements

Project History	
Date	**Description**
11/25/2013	A portion (1642 out of 4052 lamps) of the project was custom project preapproved; 2410 lamps did not qualify due to <9mo payback

Project Number OID1816351

Program Name Custom Efficiency

Project Type Electric

Project Information		
Pre-approval Date	**Equipment Installed**	**Payback (years)**
December 26, 2013	Installed transfer fans to replace roof top units	0.60

Electric Cost-Benefit Test Results			
Participant Test	**Utility Test**	**Rate Impact Test**	**Societal Test**
N/A	5.61	N/A	4.18

Gas Cost-Benefit Test Results			
Participant Test	**Utility Test**	**Rate Impact Test**	**Societal Test**
N/A	N/A	N/A	N/A

Project Description
The customer Installed transfer fans in UPS room, reprogramed the data closet VAV boxes and closed outside air dampers during unoccupied periods. This was a recommendation from a Recomissioning study paid for by Xcel Energy in 2013.

Estimated Energy Savings			
Customer kW	**Customer kWh**	**Dth Natural Gas**	**Reason for Rebate Denial**
5.96	26,102	0	Payback Requirements

Project History	
Date	**Description**
Assorted date range	Xcel Energy influence the design of the building and the follow up recomissioning measures to make sure the building was running as efficient as possible.This is one of many recommendations they completed. 17 qualified for rebates. This one did not.

Northern States Power Company,
a Minnesota corporation
Summary of the Evaluations of Product Impact Measurement Methods
Reference Docket No. E002/M-90-1159

Background
In a January 3, 1992 Order in Docket No. E002/M-90-1159, the Commission required a performance measurement evaluation to accompany Northern States Power Company, a Minnesota corporation's, financial incentive mechanism filing. This information, suggested by the Department of Public Service (now the Division of Energy Resources), was required in order to provide a sound basis for Xcel Energy's DSM Financial Incentive. In 1999, 2010 and again in 2012, the Commission significantly modified Xcel Energy's financial incentive, but retained the basic performance-based philosophy that requires ongoing efforts to ensure that impacts are reasonably well measured.

Xcel Energy considers the following factors in determining what impact measurement methods are appropriate**:**

- The uncertainties associated with existing impact estimates;
- The relative importance of the individual product;
- The cost of impact measurement relative to the overall cost and cost-effectiveness of its various products;
- Informal ongoing product management evaluation efforts to identify issues requiring a more formal evaluation;
- The extent to which previous evaluation work remains pertinent;
- Cost-effective developments in measurement and evaluation methods; and
- Effects of free-ridership, free-drivership, and spillover.

The Company's process and/or impact analysis efforts since 2007 are shown in the table below.

Table 15: Xcel Energy's Process and/or Impact Analysis Efforts Since 2007

Product	**Type**	**Status**
Motors Efficiency	Process and Impact Evaluation	Completed in 2007
Home Performance	Qualitative Market Assessment	Completed in 2007
Custom Efficiency	Site-Specific Impact Review	*Annual Evaluation*
Energy Design Assistance	Site-Specific Impact Review	*Annual Evaluation*
Residential Saver's Switch®	Impact Evaluation	*Annual Evaluation*
Saver's Switch® for Business	Impact Evaluation	*Annual Evaluation*
Low Income Program	Customer Satisfaction Study	*Annual Evaluation until 2010*
Home Energy Audits	Customer Satisfaction Study	*Ongoing Study*
Energy Efficient Showerhead	Customer Satisfaction Study	Completed in 2008
Recommissioning Program	Customer Satisfaction Study	Completed in 2008
Residential Heating System Rebates	Process and Impact Evaluation	Completed in 2008
Gas Market Potential Study	Potential Study	Completed in 2009

Energy Design Assistance Program	Process & Impact Evaluation	Completed in 2009
Saver's Switch® Program	Process Evaluation	Completed in 2009
Energy Rate Savings	Process Evaluation	Completed in 2010
Energy Management Systems	Process and Impact Evaluation	Completed in 2010
Recommissioning	Process and Impact Evaluation	Completed in 2010
CEE One Stop Efficiency Shop	Process Evaluation	Completed in 2010
ENERGY STAR Homes	Process and Impact Evaluation	Completed in 2010
Low Income Home Energy Services Program	Process and Impact Evaluation	Completed in 2011
Residential Cooling Quality Installation Verification	Process and Impact Evaluation	Completed in 2011
Commercial Heating Efficiency	Process and Impact Evaluation	Completed in 2011
Efficiency Motors/Drives	Process and Impact Evaluation	Completed in 2011
Trillion BTU Program	Process Evaluation	Completed in 2011
Energy Efficient Showerhead	Customer Satisfaction Study	Completed in 2011
Residential Lighting	Process and Impact Evaluation	Completed in 2012
MN Electric Potential Study - Xcel Energy Service Area	Potential Study	Completed in 2012 Updated in 2014
Solar*Rewards	Process Evaluation	Completed in 2012
Business Cooling Efficiency	Process and Impact Evaluation	Completed in 2012
Business Process Efficiency	Process and Impact Evaluation	Completed in 2012
Business Custom Efficiency	Process and Impact Evaluation	Completed in 2013
Residential Consumer Education	Process Evaluation	Completed in 2013
Residential Home Performance	Process and Impact Evaluation	Completed in 2013
Residential Home Energy Squad	Process and Impact Evaluation	Completed in 2014
Residential Heating Systems Rebates	Process and Impact Evaluation	Completed in 2014

Following is a summary of current energy savings calculation methods and M&V practices. For products where technical assumptions have changed due to evaluation or impact analysis results, the specific changes have been documented in the text of this status report and incorporated into the respective CIP cost-benefit analyses.

Current Analysis Methods

Product impact estimates are typically developed for demand savings, energy savings, coincidence, loss factors, and the lifetime of DSM measures. These parameters are needed for product economic analyses and for direct tracking of product impacts as required for the Company's CIP and Resource Plans.

Energy Efficiency Programs
Developing a good baseline from which to estimate the savings for more efficient technologies is an important part of impact estimation. We regularly update our DSM products and impact estimates to keep pace with changing governmental energy efficiency standards. In addition, we have conducted broad-based market assessments to track technology market saturation and use patterns, and make appropriate changes to products' impact estimates. Finally, we maintain regular contacts with various researchers, equipment manufacturers, distributors, and retailers to keep abreast of current efficiency market trends in order to make any needed changes to DSM products or their impact estimates.

As an outcome of Docket No. E,G999/CIP-08-272, utilities were provided deemed savings technical assumptions to be used in calculating savings for their CIP plans. We relied heavily on the Deemed Savings Database (DSD) when developing technical assumptions for our 2010-2012 CIP Triennial Plan. Up through 2013, these assumptions were also reviewed in the Impact evaluations. In preparation for the 2016-2018 Triennial Plan, all assumptions are being reviewed by a third party in a portfolio-wide technical assumptions review. This review began in 2013 and continued into 2014.

For custom projects, energy savings and coincidence factor estimates are usually based on Xcel Energy-specific market- and/or load-research regarding annual hours of use and times of operation.

Load Management Programs
Load management programs either require interval data collection to calculate customer bills, or they involve behavioral changes on the part of customers. We base the impacts on our analysis of metering data, as the effects are more difficult to estimate through engineering methods. The extensive metering data gathered, covering both interrupt and non-interrupt periods, allows more accurate estimation of customers' baseline electricity use and net product impacts than is readily achievable with energy efficiency programs.

Current Measurement and Verification Practices
In 2014, our M&V efforts largely mirrored those filed on pages 121-126 of our 2013-2015 Triennial Plan. Each program has an M&V plan to provide assurance that rebated measures were implemented as reported and that our reported savings are as accurate as possible. For prescriptive business and residential programs, we hire third party contractors to perform random audits on a statistically valid number of rebated projects in order to determine an appropriate realization rate for each program. This realization rate is then applied to the total gross savings for each program for that given year. Some prescriptive residential programs have M&V plans tailored to their program design and delivery method. For Custom business programs, the Company follows the M&V Protocols for Large Custom CIP Projects approved by the Director in Docket No. E,G999/CIP-06-1591.

Northern States Power Company
a Minnesota corporation
2014 Conservation Cost Recovery Report
Reference Docket No. E002/GR-92-1185

Cost-effective conservation benefits all of our customers by reducing the need to build new power plants or other generation facilities to meet our customers' electricity needs. Conservation also has environmental benefits, including a reduction in air pollution and greenhouse gas emissions associated with using fossil fuels. This section reports the actual 2014 spending and cost recovery, as well as the electric tax and rate base factors and calculation of the cost of capital.

Electric Achievements

In 2014, Xcel Energy spent $87,889,789 on its electric CIP efforts. These expenditures provided an overall reduction of over 481 GWh. Xcel Energy is requesting recovery of $87,889,789 in 2014 electric CIP expenses. We are also requesting recovery of $40,276,075 in financial incentives earned for our 2014 electric CIP and Solar*Rewards performance for total electric recovery of $128,165,865. The 2014 financial incentive of $40,276,075 includes a reduction of $1,714 due to an adjustment made to the 2013 financial incentive. (See the Financial Incentive Calculations for more details)

Gas Achievements

Xcel Energy conserved 849,698 Dth through its 2014 natural gas CIP at a cost of $12,968,939. The Company requests recovery of $12,968,939 in CIP expenditures, as well as $5,781,193 in financial incentive earned for our 2014 gas CIP performance for total natural gas recovery of $18,750,132. The 2014 financial incentive of $5,781,193 includes a reduction of $60,478 due to an adjustment made to the 2013 financial incentive. (See the Financial Incentive Calculations for more details)

The tables on the following pages include:

- Xcel Energy's 2014 electric (Table 16) and gas (Table 17) CIP Trackers, which document monthly CIP expenditures and recovered costs.
- Summary of the electric tax and rate base factors (Table 18) used in the electric CIP Tracker.
- Calculation of the Cost of Capital (Table 19) provides the tax factors and capital structure used to determine cost recovery and return on rate base in the electric CIP Trackers.

Effective January 1, 2015, NSPM changed the FERC accounting on the CIP Carrying Charges from FERC Accounts 419.1 and 432 to FERC Account 421

Northern States Power Minnesota

State of Minnesota - Electric Utility

CIP Cost Recovery and Incentive Mechanism
Tracker and Balance ($)
2014 Actuals

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
1.	Beginning Balance	30,624,947.97	22,223,413.01	14,968,755.19	6,282,533.19	-712,183.39	-9,141,184.39	-14,984,017.30	-23,390,759.58	-34,471,179.65	-41,342,986.34	-47,995,599.73	-54,430,411.14	
2.	CIP Monthly Program Expenses	6,623,943.79	6,247,487.94	5,767,562.20	5,818,141.61	5,085,445.39	9,218,290.12	7,740,815.15	6,005,305.97	7,477,370.66	7,301,889.74	7,644,684.70	12,958,851.94	87,889,789
3.	Commision Approved Performance Incentive	-	-	-	-	-	-							-
4.	**Total Expenses + Incentive** (Line 1 + 2 + 3)	**37,248,892**	**28,470,901**	**20,736,317**	**12,100,675**	**4,373,262**	**77,106**	**(7,243,202)**	**(17,385,454)**	**(26,993,809)**	**(34,041,097)**	**(40,350,915)**	**(41,471,559)**	**(64,478,883)**
	RECOVERY													
	Conservation Cost Recovery Charge (CCRC)													
5.	Sales Volume (MWH)	2,681,718	2,422,465	2,561,696	2,284,047	2,390,366	2,627,851	2,824,616	2,980,766	2,516,897	2,442,025	2,442,354	2,577,853	30,752,653
6.	CCRC Rate ($ / MWH)	3.051	3.051	3.051	3.051	3.051	3.051	3.051	3.051	3.051	3.051	3.051	3.051	
7.	CCRC Sales ($)	8,181,921	7,390,941	7,815,735	6,968,626	7,293,008	8,017,574	8,617,904	9,094,316	7,679,052	7,450,620	7,451,621	7,865,029	93,826,346
	Exempt Customer Sales ($)	(465,157)	(469,841)	(432,343)	(439,965)	(428,779)	(380,322)	(448,924)	(476,181)	(473,702)	(463,853)	(417,999)	(459,134)	(5,356,201)
9.	**Total CCRC Recovery** (Line 7 + 8)	**7,716,764.12**	**6,921,100.18**	**7,383,391.96**	**6,528,660.68**	**6,864,228.76**	**7,637,251.60**	**8,168,979.35**	**8,618,135.61**	**7,205,349.68**	**6,986,766.11**	**7,033,621.72**	**7,405,895.35**	**88,470,145.12**
	CIP Recovery Adjustment (Rider)													
	Exempt volumes (MWH) (Tariff Codes 1371)	152,620	153,996	141,705	144,170	140,537	124,655	147,140	156,074	155,261	152,033	137,004	150,486	1,755,681
10.	Non-Exempt Sales Volume (MWH)	2,529,098	2,268,469	2,419,991	2,139,877	2,249,829	2,503,196	2,677,476	2,824,692	2,361,635	2,289,992	2,305,350	2,427,367	28,996,972.18
11.	CIP Recovery Adjustment Rate ($ / MWH)	2.935	2.935	2.935	2.935	2.935	2.935	2.935	2.935	2.935	2.935	2.935	2.935	
12.	**Total CIP Recovery Adjustment** (Line 10 * 11)	**7,422,903**	**6,657,957.74**	**7,102,673.03**	**6,280,538.18**	**6,603,248.58**	**7,346,880.86**	**7,858,392.17**	**8,290,471.32**	**6,931,399.99**	**6,721,127.01**	**6,766,201.17**	**7,124,320.80**	**85,106,113.35**
13.	**TOTAL RECOVERY** (Line 9 + 12)	**15,139,666.63**	**13,579,057.92**	**14,486,064.99**	**12,809,198.86**	**13,467,477.35**	**14,984,132.45**	**16,027,371.51**	**16,908,606.93**	**14,136,749.67**	**13,707,893.12**	**13,799,822.89**	**14,530,216.15**	**173,576,258.48**
	CARRYING CHARGES													
14.	Sub-Balance (Line 4 - 13)	22,109,225.12	14,891,843.03	6,250,252.40	-708,524.06	-9,094,215.35	-14,907,026.73	-23,270,573.66	-34,294,060.54	-41,130,558.66	-47,748,989.72	-54,150,737.92	-56,001,775.35	
15.	Accumulated Deferred Income Tax (Line 14 * 41.37%)	9,146,586.00	6,160,755.00	2,585,729.00	-293,116.00	-3,762,277.00	-6,167,037.00	-9,627,036.00	-14,187,453.00	-17,015,712.00	-19,753,757.00	-22,402,160.00	-23,167,934.00	
16.	Net Investment (Line 14 - 15)	12,962,639.12	8,731,088.03	3,664,523.40	-415,408.06	-5,331,938.35	-8,739,989.73	-13,643,537.66	-20,106,607.54	-24,114,846.66	-27,995,232.72	-31,748,577.92	-32,833,841.35	
17.	Carring Charge Rate (%)	0.8809%	0.8809%	0.8809%	0.8809%	0.8809%	0.8809%	0.8809%	0.8809%	0.8809%	0.8809%	0.8809%	0.8809%	
18.	**Total Carrying Charges** (Line 16 * 17)	**114,187.89**	**76,912.15**	**32,280.79**	**-3,659.33**	**-46,969.04**	**-76,990.57**	**-120,185.92**	**-177,119.11**	**-212,427.68**	**-246,610.01**	**-279,673.22**	**-289,233.31**	**-1,229,487.36**
19.	**End of Month Balance (over)/under** (Line 14 + 18)	**22,223,413.01**	**14,968,755.19**	**6,282,533.19**	**-712,183.39**	**-9,141,184.39**	**-14,984,017.30**	**-23,390,759.58**	**-34,471,179.65**	**-41,342,986.34**	**-47,995,599.73**	**-54,430,411.14**	**-56,291,008.66**	**-239,284,628.80**

Table 16: 2014 Electric CIP Tracker (DSM Cost Recovery)

Northern States Power Minnesota
State of Minnesota - Gas Utility

CIP Cost Recovery and Incentive Mechanism Tracker and Balance ($)
2014

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Annual
1.	Beginning Balance	(4,680,426)	(7,507,722)	(8,922,545)	(10,584,577)	(11,443,003)	(11,399,468)	(11,113,110)	(10,760,712)	(10,330,894)	(9,585,221)	(9,779,071)	(11,141,605)	38,600,297
1a.	Other Adjustments	-												
1b.	Adj Beginning Balance	(4,680,426)	(7,507,722)	(8,922,545)	(10,584,577)	(11,443,003)	(11,399,468)	(11,113,110)	(10,760,712)	(10,330,894)	(9,585,221)	(9,779,071)	(11,141,605)	
2.	CIP Monthly Program Expenses	700,904	1,790,836	989,913	776,179	1,103,960	948,201	897,992	978,258	1,325,024	920,474	1,018,414	1,518,784	12,968,939
3.	Commision Approved Performance Incentive	-	-	-	-	-	-	-	-	-	-	-		-
4.	**Total Expenses + Incentive** (Line 1 + 2 + 3)	**(3,979,522)**	**(5,716,887)**	**(7,932,632)**	**(9,808,398)**	**(10,339,044)**	**(10,451,267)**	**(10,215,117)**	**(9,782,454)**	**(9,005,870)**	**(8,664,747)**	**(8,760,658)**	**(9,622,822)**	
	RECOVERY													
	Conservation Cost Recovery Charge (CCRC)													
5.	Sales Volume (DKT)	14,692,802	13,443,867	11,097,581	6,995,502	4,670,443	3,113,728	2,646,100	2,655,558	2,825,063	4,959,784	10,044,126	11,706,816	88,851,368
6.	CCRC Rate ($ / DKT)	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	
7.	CCRC Sales (Line 5 * 6)	769,903	704,459	581,513	366,564	244,731	163,159	138,656	139,151	148,033	259,893	526,312	613,437	4,655,812
8.	Exempt Customer Sales ($) (Tariff Code 1367, 7509, 7751, 6440, 6441)	32,296	36,746	32,890	34,170	33,757	36,171	35,847	35,237	36,706	35,616	35,673	40,683	425,792
9.	**Total CCRC Recovery** (Line 7 - 8)	**737,606**	**667,712**	**548,623**	**332,394**	**210,974**	**126,988**	**102,808**	**103,914**	**111,328**	**224,277**	**490,640**	**572,754**	**4,230,020**
	CIP Recovery Adjustment (Rider)													
10.	Sales Volume (DKT) (Tariff Codes 1365, 7293, 7435, 7752, & 7508)	14,076,459	12,742,605	10,469,913	6,343,397	4,026,230	2,423,437	1,961,993	1,983,099	2,124,576	4,280,090	9,363,351	10,930,417	80,725,566
11.	CIP Recovery Adjustment Rate ($DKT / Therm)	0.19529	0.19529	0.19529	0.19529	0.19529	0.19529	0.19529	0.19529	0.19529	0.19529	0.19529	0.19529	
12.	**Total CIP Recovery Adjustment** (Line 10 * 11)	**2,748,992**	**2,488,503**	**2,044,669**	**1,238,802**	**786,282**	**473,273**	**383,158**	**387,279**	**414,908**	**835,859**	**1,828,569**	**2,134,601**	**15,764,896**
13.	**TOTAL RECOVERY** (Line 9 + 12)	**3,486,598**	**3,156,216**	**2,593,293**	**1,571,196**	**997,257**	**600,261**	**485,966**	**491,194**	**526,236**	**1,060,135**	**2,319,208**	**2,707,355**	**19,994,916**
	CARRYING CHARGES													
14.	Sub-Balance (Line 4 - 13)	(7,466,120)	(8,873,102)	(10,525,924)	(11,379,594)	(11,336,300)	(11,051,528)	(10,701,083)	(10,273,648)	(9,532,107)	(9,724,882)	(11,079,866)	(12,330,177)	34,116,968
15.	Accumulated Deferred Income Tax (Line 14 * 41.37%)	(3,088,734)	(3,670,802)	(4,354,575)	(4,707,738)	(4,689,827)	(4,572,017)	(4,427,038)	(4,250,208)	(3,943,432)	(4,023,184)	(4,583,741)	(5,100,994)	14,114,190
16.	Net Investment (Line 14 - 15)	(4,377,386)	(5,202,300)	(6,171,349)	(6,671,856)	(6,646,473)	(6,479,511)	(6,274,045)	(6,023,440)	(5,588,674)	(5,701,698)	(6,496,125)	(7,229,183)	
17.	Carrying Charge Rate	0.9504%	0.9504%	0.9504%	0.9504%	0.9504%	0.9504%	0.9504%	0.9504%	0.9504%	0.9504%	0.9504%	0.9504%	
18.	**Total Carrying Charges** (Line 16 * 17)	**(41,603)**	**(49,443)**	**(58,653)**	**(63,409)**	**(63,168)**	**(61,581)**	**(59,629)**	**(57,247)**	**(53,115)**	**(54,189)**	**(61,739)**	**(68,706)**	**(692,481)**
19.	**End of Month Balance** (Line 14 + 18)	**(7,507,722)**	**(8,922,545)**	**(10,584,577)**	**(11,443,003)**	**(11,399,468)**	**(11,113,110)**	**(10,760,712)**	**(10,330,894)**	**(9,585,221)**	**(9,779,071)**	**(11,141,605)**	**(12,398,883)**	**34,305,774**

Table 17: 2014 Gas CIP Tracker (DSM Cost Recovery)

Table 18: Summary of Electric Tax and Rate Base Factors

The following variables are used in the electric CIP Tracker. These values were established in rate cases. Xcel Energy used the rates approved in its 2012 rate case, which was based off of the 2013 test year, (E002/GR-12-961) beginning December 1, 2013.

Variables	2011	2013	Tax Rates	2011	2013
Number of Months =	12	12	Tax Factor =	3.85%	3.65%
Monthly Carrying Charge =	0.9614%	0.8809%			
Annual Amortization Fctr =	20.00%	20.00%	Accumulated Deferred Tax =	41.37%	41.37%
			Tax Rate =	41.37%	41.37%
Common Equity % =	52.56%	52.56%			
Preferred Equity % =	0.00%	0.00%	Rate Base Factor =	12.17%	11.10%
Total Debt % =	47.44%	47.44%			
Weighted Cost Common Equity =	5.45%	5.17%			
Weighted Cost Pref Equity =	0.00%	0.00%			
Weighted Cost Total Debt =	2.87%	2.28%			
Normal ROI =	8.32%	7.45%			
CCRC ($/MWh)	$2.647	$3.051			

Table 19: Calculation of the Cost of Capital

This table shows the tax factors and capital structure used for the electric cost recovery and return on rate base calculations in Tables 16 (2013 Electric CIP Tracker) and 18 (Summary of Electric Tax and Rate Base Factors).

Capital Structure	Capitalization		Cost of Capital		Weighted Average	
	2011 Test Yr	2013 Test Yr	2011 Test Yr	2013 Test Yr	2011 Test Yr	2013 Test Yr
Long-Term Debt	46.88%	45.30%	6.09%	5.02%	2.86%	2.27%
Short-Term Debt	0.56%	2.14%	2.43%	0.68%	0.01%	0.01%
TOTAL DEBT	47.44%	47.44%	8.53%	5.70%	2.87%	2.28%
Preferred Equity	0.00%	0.00%	N/A	N/A	N/A	N/A
Common Equity	52.56%	52.56%	10.37%	9.83%	5.45%	5.17%
TOTAL EQUITY	52.56%	52.56%			5.45%	5.17%
TOTAL CAPITAL	100.00%	100.00%			8.32%	7.45%
MN Tax Rate =					41.37%	41.37%
Normal Return =					8.32%	7.45%
Rate Base Factor =	{ROI - (WTD Cost Debt x Tax Rate)} / (1-Tax Rate)				12.17%	11.10%
Tax Factor =	Rate Base Factor - ROI				3.85%	3.65%
Monthly Carrying Charge Rate Calculation						
Annual Revenue Requirements Factor = {ROI - (WTD Cost Debt x Tax Rate)} / (1-Tax Rate)					12.17%	11.10%
Monthly Revenue Requirements Factor = {(1 + Rate Base Factor) to the 1/12 Power} -1					0.9614%	0.8809%
CCRC Tracker Rate ($/MWh)					$ 2.647	$ 3.051

Northern States Power Company
a Minnesota corporation
2014 Electric and Natural Gas CIP Adjustment Rate Report

On March 20, 1995, the Commission approved Xcel Energy's request to implement a CIP Adjustment Factor (Docket No. E002/M-94-1016). This bill rider, adjusted annually, provides the Company with a secondary cost recovery method above the amounts included in base rates (Conservation Cost Recovery Charge or CCRC). The CIP Adjustment Factor is normally approved by the Commission for a 12-month period beginning in the month following the Commission's approval, and is calculated by dividing the forecasted CIP tracker balance by the forecasted sales (kWh or therms) for the period over which the adjustment will be in place. Xcel Energy is required to file a recalculation of its CIP Adjustment Factors each April in conjunction with its financial incentive and CIP status report filings.

The current electric CIP Adjustment Factor of $0.000545 per customer kWh was approved by the Commission on December 17, 2014 in Docket No. E002/M-14-287. This rate was implemented on January 1, 2015 and is designed to reduce the electric CIP Tracker balance to $0 by September 30, 2015. The current natural gas CIP Adjustment Factor of $0.008642 per therm was approved by the Commission on December 17, 2014 in Docket No. G002/M-14-288 and implemented on January 1, 2015. It was also designed to reduce the natural gas CIP Tracker to $0 by September 30, 2015.

Xcel Energy submits this compliance filing and report to support our request of the following:

- Recovery of $40,276,075 for our 2014 electric DSM financial incentives;
- Recovery of $5,781,193 for our 2014 natural gas DSM financial incentive;
- A change in the electric CIP Adjustment Factor from $0.000545 to $0.001382 per kWh effective the first billing cycle beginning in October 2015 through September 2016; and
- A change in the natural gas CIP Adjustment Factor from $0.008642 per therm to $0.020361 per therm effective the first billing cycle beginning in October 2015 through September 2016.

Proposed Electric CIP Adjustment Factor for Period October 2015 Through September 2016

Xcel Energy requests a new electric CIP Adjustment Factor of $0.001382 per customer kWh to be effective with the first billing cycle of October 2015 and to remain in effect through the September 2016 billing period. This proposed factor is calculated to reduce the electric CIP Tracker balance to $0 by the end of September 2016. It is based on the forecasted September 2016 unrecovered balance in the Company's electric CIP Tracker account. This forecasted balance is $40.2 million, based on the forecasted October 1 beginning balance, October 2015 through September 2016 approved and projected expenditures, forecasted 2015 incentives and forecasted CCRC recovery at the current CCRC rate. The inputs and calculation are shown below.

Forecasted beginning balance (Oct 2015)	$9,237,524
Approved expenditures (Oct 2015 - Sept 2016)	$88,962,278
Forecasted 2015 incentive	$30,539,502
Less forecasted CCRC recovery (Oct 2015 - Sept 2016)	$88,578,128
Forecasted Oct 1, 2016 balance	$40,161,176

As in the past, Xcel Energy will include a message referencing the change in the CIP Adjustment Factor in customers' bills. In the event that Commission approval of the proposed adjustment is delayed beyond September 20, 2014 (in order to implement the rate change by October 1), the Company will continue to apply the current CIP Adjustment of $0.000545 per kWh up to the first cycle of the first full billing period following Commission approval of a revised factor.

Calculation of Revised Electric CIP Adjustment Factor

(1) Forecasted Oct 2016 Electric CIP Tracker Balance	$ 40,161,176
(2) Forecasted Electric Sales (MWh)– Oct 2015 through Sept 2016[1]	29,032,490
(3) Recalculated Electric CIP Adjustment Rate = (1)/(2)	$1.383/MWh
	$0.001383/kWh

Our above forecasted balance does not include carrying charges. To get as close as possible to a $0 balance by Sept 30, 2015, the calculated rate of $0.001383 per kWh was incrementally decreased to incorporate the effect of carrying charges. We determined the final rate by decreasing the calculated rate until the September 2016 forecasted CIP Tracker balance approached zero ($0) without going negative. The resulting rate is **$0.001382 per kWh**. As shown in Table 21, this rate results in a forecasted September 30, 2016 Tracker balance of $6,274.

Proposed Natural Gas CIP Adjustment Factor for Period October 2015 Through September 2016

Xcel Energy requests a new natural gas CIP Adjustment Factor of $0.020361 per therm to be effective with the first billing cycle of October 2015 and remaining in effect through the September 2016 billing period. The proposed factor is based on the forecasted September 2016 unrecovered balance in the Company's gas CIP Tracker account. This forecasted balance is $14.9 million, based on the forecasted October 1 beginning balance, October 2015 through September 2016 approved and projected expenditures, forecasted 2015 incentive and forecasted CCRC recovery at the current CCRC rate. The inputs and calculation are shown below.

Forecasted beginning balance (Oct 2015)	$1,012,999
Approved expenditures (Oct 2015 - Sept 2016)	$14,026,236
Forecasted 2015 incentive	$3,670,701
Less forecasted CCRC recovery (Oct 2015 - Sept 2016)	$3,824,266
Forecasted Oct 1, 2016 balance	$14,885,670

As done in the past, Xcel Energy will include in customers' bills a message referencing the change in the CIP Adjustment Factor. In the event that Commission approval of the proposed factor is delayed beyond September 20, 2015 (in order to implement the rate change by October 1), the Company will continue to apply the current CIP Adjustment Factor of $0.008642 per therm up to the first cycle of the first full billing period following Commission approval of a revised factor.

[1] Forecasted sales exclude the customers exempted from electric CIP charges.

Calculation of Revised Gas CIP Adjustment Rate

(1) Forecasted Sept 2015 Natural Gas CIP Tracker Balance	$14,885,670
(2) Forecasted Gas Sales[2] – October 2014 through September 2015	72,982,176
(3) Recalculated Gas CIP Adjustment Rate = (1)/(2)	$0.20396/ dth
	$0.020396/therm

Our above forecasted balance does not include carrying charges. To get as close as possible to a $0 balance by Sept 30, 2016, the calculated rate of $0.020396 per therm was incrementally decreased to incorporate the effect of carrying charges, which are projected to be negative for several months. We determined the final rate by decreasing the calculated rate until the September 2016 forecasted CIP Tracker balance approached zero ($0) without going negative. The resulting rate is **$0.020361 per therm**. As shown in Table 23, this rate results in a forecasted September 30, 2016 Tracker balance of $136.

[2] Forecasted sales exclude the exempt customers and gas sales to qualifying large energy facilities.

Northern States Power Company, a Minnesota corporation
State of Minnesota- Electric Utility
DSM Cost Recovery & Incentive Mechanism - Total
2015 Forecast

	EXPENSES	Jan Forecast	Feb Forecast	Mar Forecast	Apr Forecast	May Forecast	Jun Forecast	Jul Forecast	Aug Forecast	Sep Forecast	Oct Forecast	Nov Forecast	Dec Forecast	Annual
1.	Balance	(56,291,009)	(18,167,980)	(20,259,285)	(22,305,392)	(23,483,744)	(25,198,797)	(24,763,224)	(28,563,832)	(31,068,254)	9,237,524	6,203,414	4,871,597	
2.	CIP Program Expenditures	4,218,679	5,794,400	6,386,332	6,514,264	6,362,363	9,397,066	6,375,966	7,374,890	8,653,642	7,480,620	8,786,953	11,617,103	88,962,278
3.	2013/14 Performance Incentives	42,729,930								40,276,075				83,006,005
4.	Total Expenses + Incentive (Line 1 + 2 + 3)	(9,342,399)	(12,373,580)	(13,872,954)	(15,791,128)	(17,121,381)	(15,801,732)	(18,387,258)	(21,188,942)	17,861,462	16,718,144	14,990,367	16,488,700	
	RECOVERY													
5.	CCRC Rate ($/MWh)	3.051	3.051	3.051	3.051	3.051	3.051	3.051	3.051	3.051	3.051	3.051	3.051	
6.	CCRC Cost Recovery (CCRC times Sales)	7,477,277	6,690,740	7,148,174	6,520,146	6,846,145	7,596,355	8,626,215	8,373,302	7,319,513	7,238,148	6,965,326	7,328,062	88,129,402
7.	CIP Adjustment Factor Rate ($/MWh)	0.545	0.545	0.545	0.545	0.545	0.545	0.545	0.545	0.545	1.382	1.382	1.382	
8.	CIP Adjustment Factor Recovery (Factor times Sales)	1,342,288	1,188,256	1,276,878	1,164,693	1,222,927	1,356,937	1,540,900	1,495,723	1,307,484	3,278,637	3,155,057	3,319,365	21,649,145
9.	Sub-Balance (Line 4 - 6 - 8)	(18,161,964)	(20,252,577)	(22,298,006)	(23,475,967)	(25,190,453)	(24,755,023)	(28,554,373)	(31,057,966)	9,234,465	6,201,360	4,869,984	5,841,273	
10.	Accum Deferred Tax (Line 9 * 41.37%)	(7,513,605)	(8,378,491)	(9,224,685)	(9,712,008)	(10,421,290)	(10,241,153)	(11,812,944)	(12,848,681)	3,820,298	2,565,503	2,014,712	2,416,535	
11.	Net Investment (Line 9 - 10)	(10,648,360)	(11,874,086)	(13,073,321)	(13,763,960)	(14,769,162)	(14,513,870)	(16,741,429)	(18,209,286)	5,414,167	3,635,857	2,855,271	3,424,739	
12.	Carrying Charge (Line 11 * 0.0565%)	(6,016)	(6,709)	(7,386)	(7,777)	(8,345)	(8,200)	(9,459)	(10,288)	3,059	2,054	1,613	1,935	(55,519)
13.	End of Month Balance (Line 9 + 12)	(18,167,980)	(20,259,285)	(22,305,392)	(23,483,744)	(25,198,797)	(24,763,224)	(28,563,832)	(31,068,254)	9,237,524	6,203,414	4,871,597	5,843,208	

Table 20: 2015 Electric CIP Tracker Forecast, With Cost Recovery in 2015

Table 21: 2016 Electric CIP Tracker Forecast, With Cost Recovery in 2016

Northern States Power Company, a Minnesota corporation
State of Minnesota- Electric Utility
DSM Cost Recovery & Incentive Mechanism - Total
2016 Forecast

	EXPENSES	Jan Forecast	Feb Forecast	Mar Forecast	Apr Forecast	May Forecast	Jun Forecast	Jul Forecast	Aug Forecast	Sep Forecast
1.	Balance	5,843,208	(834,974)	(5,297,198)	(9,324,551)	(12,305,181)	(15,913,186)	(17,573,318)	(23,746,277)	(28,560,931)
2.	CIP Program Expenditures	4,218,679	5,794,400	6,386,332	6,514,264	6,362,363	9,397,066	6,375,966	7,374,890	8,653,642
3.	2015 Performance Incentive									30,539,502
4.	Total Expenses + Incentive (Line 1 + 2 + 3)	10,061,888	4,959,427	1,089,134	(2,810,286)	(5,942,818)	(6,516,121)	(11,197,352)	(16,371,387)	10,632,213
	RECOVERY									
5.	CCRC Rate ($/MWh)	3.051	3.051	3.051	3.051	3.051	3.051	3.051	3.051	3.051
6.	CCRC Cost Recovery (CCRC times Sales)	7,499,545	7,057,886	7,165,065	6,532,030	6,858,452	7,606,080	8,631,351	8,382,910	7,313,274
7.	CIP Adjustment Factor Rate ($/MWh)	1.382	1.382	1.382	1.382	1.382	1.382	1.382	1.382	1.382
8.	CIP Adjustment Factor Recovery (Factor times Sales)	3,397,041	3,196,984	3,245,532	2,958,789	3,106,647	3,445,298	3,909,710	3,797,175	3,312,666
9.	Sub-Balance (Line 4 - 6 - 8)	(834,697)	(5,295,444)	(9,321,463)	(12,301,106)	(15,907,917)	(17,567,499)	(23,738,414)	(28,551,473)	6,272
10.	Accum Deferred Tax (Line 9 * 41.37%)	(345,314)	(2,190,725)	(3,856,289)	(5,088,968)	(6,581,105)	(7,267,674)	(9,820,582)	(11,811,744)	2,595
11.	Net Investment (Line 9 - 10)	(489,383)	(3,104,719)	(5,465,174)	(7,212,139)	(9,326,812)	(10,299,825)	(13,917,832)	(16,739,728)	3,678
12.	Carrying Charge (Line 11 * Carrying Charge Rate)	(277)	(1,754)	(3,088)	(4,075)	(5,270)	(5,819)	(7,864)	(9,458)	2
13.	End of Month Balance (Line 9 + 12)	(834,974)	(5,297,198)	(9,324,551)	(12,305,181)	(15,913,186)	(17,573,318)	(23,746,277)	(28,560,931)	6,274

Table 22: 2015 Gas CIP Tracker Forecast, With Cost Recovery in 2015

Northern States Power Company, a Minnesota corporation
State of Minnesota - Gas Utility
DSM Cost Recovery and Incentive Mechanism
Tracker and Balance ($)
2015 Forecast

	EXPENSES	Jan Forecast	Feb Forecast	Mar Forecast	Apr Forecast	May Forecast	Jun Forecast	Jul Forecast	Aug Forecast	Sept Forecast	Oct Forecast	Nov Forecast	Dec Forecast	Total
1.	Balance	($12,398,883)	($7,989,306)	($8,475,707)	($8,456,387)	($7,990,278)	($7,698,776)	($6,984,534)	($6,196,601)	($5,613,079)	$1,012,999	$1,088,018	$133,625	
2.	CIP Program Expenditures	622,987	1,303,026	1,177,757	1,272,868	810,546	1,060,469	1,068,816	924,452	1,105,980	1,241,393	1,169,098	2,268,843	14,026,236
3.	2013/14 Performance Incentive	5.416.936								5.781.193				11.198.129
4.	**Total Expenses** (Line 1 + 2 + 3)	**(6,358,960)**	**(6,686,280)**	**(7,297,950)**	**(7,183,520)**	**(7,179,732)**	**(6,638,307)**	**(5,915,718)**	**(5,272,149)**	**1,274,094**	**2,254,392**	**2,257,117**	**2,402,468**	
	RECOVERY													
5.	CCRC Rate ($/Dth)	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	
6.	CCRC Cost Recovery	613.412	673.339	435.166	302.535	194.005	128.950	104.481	127.292	98.807	238.880	434.653	568.303	3.919.825
7.	CIP Adjustment Factor Rate ($/Dth)	0.08642	0.08642	0.08642	0.08642	0.08642	0.08642	0.08642	0.08642	0.08642	0.20361	0.20361	0.20361	
8.	CIP Adjustment Factor Recovery	1,011,662	1,110,496	717,692	498,952	319,960	212,669	172,314	209,935	162,956	928,212	1,688,927	2,208,249	9,242,024
9.	**Total Recovery** (Line 6 + 8)	**1,625,075**	**1,783,836**	**1,152,859**	**801,487**	**513,965**	**341,619**	**276,795**	**337,227**	**261,763**	**1,167,092**	**2,123,580**	**2,776,552**	**13,161,849**
10.	Rate Refund	0	0	0	0	0	0	0	0	0	0	0	0	
11.	Sub-Balance (Line 4-9)	(7,984,035)	(8,470,115)	(8,450,808)	(7,985,007)	(7,693,697)	(6,979,926)	(6,192,513)	(5,609,376)	1,012,331	1,087,301	133,537	(374,084)	
12.	Accum Deferred Tax (Line 11 * 41.37%)	(3,302,995)	(3,504,087)	(3,496,099)	(3,303,397)	(3,182,883)	(2,887,596)	(2,561,843)	(2,320,599)	418,801	449,816	55,244	(154,759)	
13.	Net Investment (Line 11-12)	(4,681,040)	(4,966,029)	(4,954,709)	(4,681,609)	(4,510,815)	(4,092,331)	(3,630,671)	(3,288,777)	593,530	637,484	78,293	(219,326)	
14.	Carrying Charge (a) (Line 13 * Carrying Charge Rate)	(5,271)	(5,592)	(5,579)	(5,271)	(5,079)	(4,608)	(4,088)	(3,703)	668	718	88	(247)	(37,964)
15.	**End of Month Balance** (Line 11+14)	**(7,989,306)**	**(8,475,707)**	**(8,456,387)**	**(7,990,278)**	**(7,698,776)**	**(6,984,534)**	**(6,196,601)**	**(5,613,079)**	**1,012,999**	**1,088,018**	**133,625**	**(374,331)**	

Table 23: 2016 Gas CIP Tracker Forecast, With Cost Recovery in 2016

Northern States Power Company, a Minnesota corporation State of Minnesota - Gas Utility
DSM Cost Recovery and Incentive Mechanism Tracker and Balance ($)
2016 Forecast

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
	EXPENSES									
1.	Balance	($374,331)	($3,080,119)	($4,756,464)	($5,887,636)	($5,717,538)	($5,896,019)	($5,335,076)	($4,775,648)	($4,252,631)
2.	CIP Program Expenditures	622,987	1,303,026	1,177,757	1,272,868	810,546	1,060,469	1,068,816	924,452	1,105,980
3.	2015 Performance Incentive									3,670,701
4.	**Total Expenses** (Line 1 + 2 + 3)	**248,655**	**(1,777,093)**	**(3,578,706)**	**(4,614,768)**	**(4,906,992)**	**(4,835,550)**	**(4,266,259)**	**(3,851,196)**	**524,050**
	RECOVERY									
5.	CCRC Rate ($/Dth)	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524
6.	CCRC Cost Recovery	680,916	609,174	471,796	224,942	201,637	101,522	103,617	81,591	107,235
7.	CIP Adjustment Factor Rate ($/Dth)	0.20361	0.20361	0.20361	0.20361	0.20361	0.20361	0.20361	0.20361	0.20361
8.	CIP Adjustment Factor Recovery	2,645,826	2,367,059	1,833,250	874,055	783,500	394,483	402,622	317,038	416,680
9.	**Total Recovery** (Line 6 + 8)	**3,326,742**	**2,976,233**	**2,305,046**	**1,098,998**	**985,138**	**496,006**	**506,238**	**398,629**	**523,914**
10.	Rate Refund	0	0	0	0	0	0	0	0	0
11.	Sub-Balance (Line 4-9)	(3,078,087)	(4,753,326)	(5,883,752)	(5,713,766)	(5,892,130)	(5,331,556)	(4,772,498)	(4,249,825)	136
12.	Accum Deferred Tax (Line 11 * 41.37%)	(1,273,405)	(1,966,451)	(2,434,108)	(2,363,785)	(2,437,574)	(2,205,665)	(1,974,382)	(1,758,153)	56
13.	Net Investment (Line 11-12)	(1,804,682)	(2,786,875)	(3,449,644)	(3,349,981)	(3,454,556)	(3,125,891)	(2,798,115)	(2,491,673)	80
14.	Carrying Charge (a) (Line 13 * Carrying Charge Rate)	(2,032)	(3,138)	(3,884)	(3,772)	(3,890)	(3,520)	(3,151)	(2,806)	0
15.	**End of Month Balance** (Line 11+14)	**(3,080,119)**	**(4,756,464)**	**(5,887,636)**	**(5,717,538)**	**(5,896,019)**	**(5,335,076)**	**(4,775,648)**	**(4,252,631)**	**136**

Northern States Power Company
a Minnesota corporation
2014 CIP Financial Incentive Calculations
Cost-Effectiveness & Performance Mechanism Report
Reference Docket Nos. E,G999/CI-08-133 & E002/M-11-1101

In 2010, the Commission approved a new Shared Savings Incentive Mechanism (Docket No. E,G999/CI-08-133). The shared savings incentive mechanism awards a percentage of the net benefits created by a utility's energy conservation program, beginning once a utility surpasses its earnings threshold. This incentive mechanism ties the incentive to the pursuit of the 1.5% of sales savings target. The model sets a specific dollar award per unit of energy saved at the 1.5% savings level, which is referred to as the incentive calibration. The per unit incentive increases as achievements increase, up to a cap. In its March 30, 2012 ORDER REMOVING NON-LINEAR ADJUSTMENT FROM THE SHARED SAVINGS DSM FINANCIAL INCENTIVE in the same docket listed above, the Commission revised the incentive mechanism with the removal of the non-linear adjustment. Soon after, on December 20, 2012, the Commission approved additional modifications to the incentive mechanism based on the Department's July 9, 2012 REPORT ON THE IMPACTS OF THE 2011 NEW SHARED SAVINGS DSM FINANCIAL INCENTIVE ON INVESTOR-OWNED UTILITY CONSERVATION ACHIEVEMENTS AND CUSTOMER COSTS. This modified incentive mechanism is effective for the length of each utility's current triennial plan. For Xcel Energy, it applies to the 2013-2015 program years. Lastly, during the 2013 Legislature, a provision was added to MN Statute 216B.241, subdivision 7, which allows utilities the option to exclude the net benefits of low-income programs, if negative, from the calculation of the DSM financial incentive.

In addition, a Solar*Rewards financial incentive mechanism was granted by the Commission in the March 12, 2012 ORDER APPROVING PERFORMANCE INCENTIVE AS MODIFIED, AND REQUIRING EVALUATION REPORT (Docket No. E002/M-11-1101). The Solar*Rewards incentive mechanism is designed to award the utility $0.035 for every kWh of solar energy produced during the first year of operation. The incentive applies to all solar installations rebated between the date of the Commission's Order (March 12, 2012) and December 31, 2015.

Xcel Energy's 2014 CIP portfolio achieved electric energy savings of over 481 GWh which will provide net benefits of approximately $256 million to Xcel Energy electric customers. Of that, 2.7 GWh were achieved through our Solar*Rewards program. The Company also achieved gas savings of 849,698 Dth, which will provide Xcel Energy customers with net benefits of almost $36 million. As a result of these achievements, we request approval of a 2014 CIP electric financial incentive of $40,179,927, a 2014 electric Solar*Rewards financial incentive of $96,148 and a 2014 natural gas financial incentive of $5,781,193.

The performance measurements of Xcel Energy's individual electric and natural gas CIP programs, including indirect impact programs, are reported in Tables 2 and 3, respectively. The cost-effectiveness of individual programs is reported in the Cost-Effectiveness Report included in this filing.

Northern States Power Company
a Minnesota corporation
2014 Financial Incentive Calculations

In accordance with the Minnesota PUC Orders dated January 27, 2010, March 30, 2012 and December 20,2012 (Docket No. E,G999/CI-08-133), and the Minnesota PUC Order dated March 12, 2012 (Docket No. E-002/M-11-1101), Xcel Energy respectfully submits these financial incentive calculations.

In 2014, the Company achieved electric energy savings of 481,325,941 kWh at the generator (110% of goal) at a cost of $87,889,789 (98% of budget). Of that, 2,747,096 kWh came from our Solar*Rewards program at the cost of $3,666,893. As a result, we respectfully request approval of our CIP electric financial incentive in the amount of $40,179,927 and our Solar*Rewards financial incentive in the amount of $96,148, totaling $40,276,075

CIP Electric Financial Incentive Calculation

In the October 1, 2012 Decision and subsequently in the August 16, 2013 Summary Decision, both in Docket No. E,G002/CIP-12-447, Xcel Energy was approved to spend a total of $88,804,486 in 2014. According to the Order in Docket No. E,G999/CI-08-133, certain expenses and savings are excluded from the incentive calculation, including regulatory assessments, electric utility infrastructure projects, qualifying solar projects, and third party projects not selected for inclusion in the annual incentive compliance filing. As stated in our January 30, 2013 incentive compliance filing, we elected to include the One Stop Shop program administered by the Center for Energy and the Environment (CEE).[1] The indirect impact third party programs—Enerchange, Energy Intelligence, Energy Smart, and Trillion Btu—are not included in the calculation of the incentive. In addition, during the 2013 Legislature, a provision was added to MN Statute 216B.241, subdivision 7, which allows utilities to exclude the net benefits of low-income programs from the calculation of net benefits for the incentive if the net benefits are negative. The net benefits from our low-income segment are included in both our pre-year inputs and 2014 achievement. The calculation of the Pre-Year Inputs is shown below.

Calculation of Pre-Year Inputs

	Spending	Energy Goal (kWh)	Net Benefits
2014 Portfolio Subtotal[2]	$72,096,739	400,712,665	$191,387,758
CEE One Stop Shop	$10,608,000	35,046,403	$27,364,082
Total Pre-Year Inputs	$82,704,739	435,759,068	$218,751,840

Model Year Inputs

Earnings Threshold (% of Sales)	0.4%
Earnings Threshold (kWh Savings)	115,948,937
Award Zero Point (% of Sales)	0.3%
Award Zero Point (kWh Savings)	86,961,703
Steps From Zero Point to 1.5%	12
Size of Steps in Energy Savings	28,987,234

[1] Docket No. E,G999/CI-08-133 and Docket No. E,G002/CI-10-81.
[2] Excludes NGEA assessments, Solar*Rewards, Enerchange, Energy Intelligence, Energy Smart, and Trillion Btu.

Incentive Calibration

Average Incentive per Unit at 1.5%	$0.07
Incentive Cap	$0.0875
Energy Savings at 1.5%	434,808,513
Targeted Incentive at 1.5%	$30,436,596
Multiplier (Percent of Net Benefits Received for Every 0.1% of Sales)	0.01218

Pre-Year Inputs

Approved CIP Budget for Incentive	$82,704,739
Goal Energy Savings (kWh)	435,759,068
Goal Utility Test Net Benefits (Based On Approved Triennial Plan)	$218,751,840

Summary of 2014 Achievements

Actual Spending for Incentive[3]	$78,505,153
Actual Energy Savings (kWh)[4]	478,578,845
Net Benefits Achieved[5]	$255,953,599

2014 Financial Incentive Mechanism

In order to calculate the CIP financial incentive, it is necessary to calculate the percent of net benefits awarded. The following calculations and incentive table detail Xcel Energy's financial incentive.

Steps Above Zero Point =

$$\frac{\text{Energy Saved - Award Zero Point (kWh Savings)}}{\text{Size of Steps in Energy Savings}} = \frac{478{,}578{,}845 - 86{,}961{,}703}{28{,}987{,}234}$$

= 13.50999 Steps

Percent of Net Benefits Awarded =

Steps Above Zero Point x Multiplier = 13.50999 x 0.01218

= 15.6988%[6]

Incentive Awarded =

Net Benefits Achieved x Percent of Net Benefits Awarded = $255,953,599 x 15.6988%

= **$40,181,641**

[3] Portfolio Subtotal spend plus CEE One-Stop Shop spend.
[4] Portfolio Subtotal energy savings plus CEE One-Stop Shop energy savings.
[5] The net benefits are equal to the utility test net benefits shown on Electric CIP Total cost-benefit analysis plus the utility test net benefits shown on the CEE One Stop Shop cost-benefit analysis, included in the Cost-Effectiveness Section. Includes low-income net benefits.
[6] From 2013 incentive model approved by Department in Docket No. E002/CI-10-81. Difference due to rounding.

2013 Incentive Adjustment
= -$1,714

	Filed Achievement (5/21/2014)	Overstatement	Corrected Achievement
Spending:	$ 74,937,039	$ -	$ 74,937,039
Energy Saved (kWh):	493,245,311	(8,491)	493,236,820
Net Benefits Achieved:	$ 249,969,276	$ (4,814.00)	$ 249,964,462

Resulting Incentive:

Steps above Zero Point:			14.01566
Percent of Net Benefits Awarded:			17.0735%

Financial Incentive Award:	$ 42,679,496	$ (1,714)	$ 42,677,782

Financial Incentive Award (with energy unit cap):	$ 42,679,496	$ (1,714)	$ 42,677,782

2014 Electric Incentive Request

Based on the above calculation, Xcel Energy respectfully requests approval of a CIP financial incentive of $40,179,927

Table 24: Xcel Energy's 2014 Electric Financial Incentive Mechanism

Achievement Level (% of sales)	Energy Saved	Percent of Benefits Awarded	Estimated Benefits Achieved	Incentive Award	Average Incentive per unit Saved
0.0%	0	0.00%	$0	$0	$0.000
0.1%	28,987,234	0.00%	$13,880,766	$0	$0.000
0.2%	57,974,468	0.00%	$27,761,533	$0	$0.000
0.3%	86,961,703	0.00%	$41,642,299	$0	$0.000
0.4%	115,948,937	0.00%	$55,523,065	$0	$0.000
0.5%	144,936,171	2.44%	$69,403,831	$1,690,922	$0.012
0.6%	173,923,405	3.65%	$83,284,598	$3,043,660	$0.018
0.7%	202,910,639	4.87%	$97,165,364	$4,734,582	$0.023
0.8%	231,897,873	6.09%	$111,046,130	$6,763,688	$0.029
0.9%	260,885,108	7.31%	$124,926,897	$9,130,979	$0.035
1.0%	289,872,342	8.53%	$138,807,663	$11,836,454	$0.041
1.1%	318,859,576	9.75%	$152,688,429	$14,880,114	$0.047
1.2%	347,846,810	10.96%	$166,569,195	$18,261,958	$0.053
1.3%	376,834,044	12.18%	$180,449,962	$21,981,986	$0.058
1.4%	405,821,279	13.40%	$194,330,728	$26,040,199	$0.064
Approved Goal	**433,769,870**	**14.57%**	**$207,714,132**	**$30,273,227**	**$0.070**
1.5%	434,808,513	14.62%	$208,211,494	$30,436,596	$0.070
1.6%	463,795,747	15.84%	$222,092,261	$35,171,177	$0.076
1.7%	492,782,981	17.05%	$235,973,027	$40,243,943	$0.082
1.8%	521,770,215	18.27%	$249,853,793	$45,654,894	$0.088
1.9%	550,757,449	19.49%	$263,734,559	$48,191,277	$0.088
2.0%	579,744,684	20.00%	$277,615,326	$50,727,660	$0.088

Solar*Rewards Electric Financial Incentive Calculation

The Commissioner's March 12, 2012 Order approved an incentive of $0.035 for every kWh of solar energy produced during the first year of operation of the systems installed under our Solar*Rewards program. The Order clarifies that the incentive plan applies to solar energy generated after the date of the Order (March 12, 2012) through December 31, 2015. We calculated the Solar*Rewards incentive using the following interpretation of "energy produced during the first year of operation." First-year generation is calculated the same as first-year savings for our CIP programs, where the savings are estimated based on a full year of operation regardless of when the equipment was installed. The calculation of the Solar*Rewards financial calculation is shown below. This will be the last request for an incentive for the First Generation Solar*Rewards program as the new generation of Solar*Rewards utilizes different funding sources.

Summary of 2014 Achievements
First-year Generation (Gen kWh) - 2014 Total = 2,747,096

2014 Financial Incentive Mechanism
The Solar*Rewards financial incentive is calculated by multiplying the total kWh of first-year generation achieved by the approved incentive of $0.035 per kWh.

First-year Generation x 0.035 = 2,747,096x 0.035 **= $96,148**

2014 Solar*Rewards Incentive Request
Based on the above calculation, Xcel Energy respectfully requests approval of a Solar*Rewards financial incentive of $96,148.

Northern States Power Company
a Minnesota corporation
2014 Natural Gas Incentive Calculation

In accordance with the Minnesota PUC Orders dated January 27, 2010 and March 30, 2012 (Docket No. E,G999/CI-08-133), Xcel Energy respectfully submits this CIP Financial Incentive calculation.

In 2014, Xcel Energy achieved energy savings of 849,698 Dth (122% of goal) at a cost of $12,968,939 (90% of budget). As a result, we respectfully request approval of our financial incentive in the amount of $5,781,193.

In the October 1, 2012 Decision and subsequently in the August 16, 2013 Summary Decision, both in Docket No. E,G002/CIP-12-447, Xcel Energy was approved to spend a total of $14,389,693 in 2014. According to the Order in Docket No. E,G999/CI-08-133, certain expenses and savings are excluded from the natural gas incentive calculation, including regulatory assessments and third party projects not selected for inclusion in the annual incentive compliance filing. As stated in our January 30, 2013 incentive compliance filing, we elected not to include any of the natural gas third party programs in the calculation of the incentive.[7]

Calculation of Pre-Year Inputs

	Spending	Energy Goal (Dth)	Net Benefits
2014 Portfolio Subtotal[8]	$13,575,243	691,108	$21,663,497
Total Pre-Year Inputs	**$13,575,243**	**691,108**	**$21,663,497**

Model Year Inputs

Earnings Threshold (% of Sales)	0.4%
Earnings Threshold (Dth Savings)	277,834
Award Zero Point (% of Sales)	0.3%
Award Zero Point (Dth Savings)	208,375
Steps From Zero Point to 1.5%	12
Size of Steps in Energy Savings	69,458

Incentive Calibration

Average Incentive per Unit at 1.5%	$9.00
Incentive Cap	$6.875
Energy Savings at 1.5%	1,041,876
Targeted Incentive at 1.5%	$9,376,887
Multiplier (Percent of Net Benefits Received for Every 0.1% of Sales)	0.02309

[7] Docket No. E,G999/CI-08-133 and Docket No. G002/M-10-82.
[8] Excludes NGEA assessments, Enerchange, Energy Intelligence, Energy Smart, and Trillion Btu.

Pre-Year Inputs

Approved CIP Budget for Incentive	$13,575,243
Goal Energy Savings (Dth)	691,108
Goal Utility Test Net Benefits (Based On Approved Triennial Plan)	$21,663,497

Summary of 2014 Achievements

Actual Spending for Incentive	$12,561,989
Actual Energy Savings (Dth)	849,698
Net Benefits Achieved[9]	$35,995,257

2014 Financial Incentive Mechanism

In order to calculate the financial incentive achieved, it is necessary to calculate the percent of net benefits awarded. The following calculations and incentive table detail Xcel Energy's financial incentive.

Steps Above Zero Point =

$$\frac{\text{Energy Saved - Award Zero Point (Dth Savings)}}{\text{Size of Steps in Energy Savings}} = \frac{849{,}698 - 208{,}375}{69{,}458}$$

= **9.23318 Steps**

Percent of Net Benefits Awarded =

Steps Above Zero Point x Multiplier = 9.23318 x 0.02309

=22.11732%[10] (max of 20%)

Incentive Awarded =

Net Benefits Achieved x Percent of Net Benefits Awarded = $35,995,257 x 20.0000%

= **$5,841,671**

[9] The net benefits are equal to the utility test net benefits shown on the Total Gas CIP with Indirect Participants BENCOST sheet included in the Cost-Effectiveness section.

[10] From 2013 incentive model approved by Department in Docket No. E002/M-10-82. Small difference due to rounding.

2013 Incentive Adjustment
= -$60,478.00

	Filed Achievement (5/21/2014)	Overstatement	Corrected Achievement
Spending:	$ 12,368,670	$ -	$ 12,368,670
Energy Saved (Dth):	787,918	(8,797)	779,121
Net Benefits Achieved:	$ 32,085,609	$(744,143.00)	$ 31,341,466

Resulting Incentive:

Steps above Zero Point:			8.21709
Percent of Net Benefits Awarded:			18.9702%

Financial Incentive Award:	$ 6,180,512	$ (234,978)	$ 5,945,534

Financial Incentive Award (with energy unit cap):	$ 5,416,936	$ (60,478)	$ 5,356,458

2014 Gas Incentive Request

Based on the above calculation, Xcel Energy respectfully requests approval of a financial incentive of $5,781,193

Table 25: Xcel Energy's 2013 Natural Gas Financial Incentive Mechanism

Achievement Level (% of sales)	Energy Saved	Percent of Benefits Awarded	Estimated Benefits Achieved	Incentive Award	Average Incentive per unit Saved
0.0%	0	0.00%	$0	$0	$0.000
0.1%	70,670	0.00%	$5,383,883	$0	$0.000
0.2%	141,339	0.00%	$10,767,766	$0	$0.000
0.3%	212,009	0.00%	$16,151,649	$0	$0.000
0.4%	282,679	0.00%	$21,535,531	$0	$0.000
0.5%	353,349	0.98%	$26,919,414	$265,012	$0.750
0.6%	424,018	1.48%	$32,303,297	$477,021	$1.125
0.7%	494,688	1.97%	$37,687,180	$742,032	$1.500
0.8%	565,358	2.46%	$43,071,063	$1,060,046	$1.875
0.9%	636,028	2.95%	$48,454,946	$1,431,062	$2.250
1.0%	706,697	3.45%	$53,838,829	$1,855,081	$2.625
1.1%	777,367	3.94%	$59,222,711	$2,332,101	$3.000
1.2%	848,037	4.43%	$64,606,594	$2,862,125	$3.375
Approved Goal	**857,086**	**4.49%**	**$65,295,988**	**$2,933,821**	**$3.423**
1.3%	918,707	4.92%	$69,990,477	$3,445,150	$3.750
1.4%	989,376	5.41%	$75,374,360	$4,081,178	$4.125
1.5%	1,060,046	5.91%	$80,758,243	$4,770,208	$4.500
1.6%	1,130,716	6.40%	$86,142,126	$5,512,240	$4.875
1.7%	1,201,386	6.89%	$91,526,009	$6,307,274	$5.250
1.8%	1,272,055	7.38%	$96,909,891	$7,155,311	$5.625
1.9%	1,342,725	7.88%	$102,293,774	$7,552,829	$5.625
2.0%	1,413,395	8.37%	$107,677,657	$7,950,346	$5.625

Summary of 2014 CIP Employee Expenses

Employee Expense Category	**Amount**
Airfare	$17,939
Hotel	$17,985
Car Rental	$904
Taxi/bus	$2,745
Mileage	$46,282
Parking	$5,224
Business Meals- Employees Only	$8,690
Travel Meals- Employees Only	$1,880
Business Meals- Including Non-Employees	$25,443
Conferences/Seminars/Training	$33,266
Total Employee Expenses	**$160,358**

Electric CIP Adjustment Factor 24-Month Forecast

	$/MWh		
	2015	2016	2017
January	$0.545	$1.382	$1.121
February	$0.545	$1.382	$1.121
March	$0.545	$1.382	$1.121
April	$0.545	$1.382	$1.121
May	$0.545	$1.382	$1.121
June	$0.545	$1.382	$1.121
July	$0.545	$1.382	$1.121
August	$0.545	$1.382	$1.121
September	$0.545	$1.382	$1.121
October	$1.382	$1.121	$1.147
November	$1.382	$1.121	$1.147
December	$1.382	$1.121	$1.147

Disclaimer

The forecasted rates are based on recovering the Company's approved and estimated future CIP expenses and estimated performance incentives over the forecast period. We note that we do not have CIP program costs approved beyond 2015. For purposes of this analysis, we assumed that our 2016 and 2017 program costs would be the same as our approved 2015 program costs and the forecasted 2016 incentive would be the same as our forecasted 2015 incentive. Additionally, the analysis does not incorporate any potential changes to the CCRC as a result of our pending electric rate case (Docket No. E002/GR-13-868).

The actual rate request will be based on the most current approved costs, approved incentives, and under or over recovery at the time of filing, and is subject to approval by the Minnesota Public Utilities Commission. The approved adjustment factors may differ from the forecast.

Redline

APPLICABILITY

Applicable to bills for electric service provided under the Company's retail rate schedules. Exemptions are as follows:

"Large Customer Facility" customers that have been exempted from the Company's Conservation Improvement Program charges pursuant to Minn. Stat. 216B.241 subd. 1a (b) shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Such monthly exemption will be effective beginning January 1 of the year following the grant of exemption. Upon exemption from conservation program charges, the "Large Customer Facility" customers can no longer participate in the Company's Energy Conservation Improvement Program.

RIDER

There shall be included on each non-exempt customer's monthly bill a Conservation Improvement Program (CIP) Adjustment, which shall be calculated by multiplying the monthly applicable billing kilowatt hours (kWh) by the CIP Adjustment Factor.

DETERMINATION OF CONSERVATION IMPROVEMENT PROGRAM ADJUSTMENT FACTOR

The CIP Adjustment Factor shall be calculated for each customer class by dividing the Recoverable Conservation Improvement Program Expense by the Projected Retail Sales for a designated recovery period. The factor may be adjusted annually with approval of the Minnesota Public Utilities Commission. The CIP Adjustment Factor for all rate schedules is:

All Classes	~~$0.000545~~$0.001382 per kWh	R

Recoverable Conservation Improvement Program Expense shall be the CIP expense not recovered through base rates as determined from the CIP Tracker account balance for a designated period. All costs appropriately charged to the CIP Tracker Account shall be eligible for recovery through this Rider. All revenues received from the CIP Adjustment Factor shall be credited to the CIP Tracker Account.

Projected Retail Sales shall be the estimated kilowatt-hour sales to all non-exempt customers for the designated recovery period.

Clean

CONSERVATION IMPROVEMENT PROGRAM Section No. 5
ADJUSTMENT RIDER 14th Revised Sheet No. 92

APPLICABILITY
Applicable to bills for electric service provided under the Company's retail rate schedules. Exemptions are as follows:

"Large Customer Facility" customers that have been exempted from the Company's Conservation Improvement Program charges pursuant to Minn. Stat. 216B.241 subd. 1a (b) shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Such monthly exemption will be effective beginning January 1 of the year following the grant of exemption. Upon exemption from conservation program charges, the "Large Customer Facility" customers can no longer participate in the Company's Energy Conservation Improvement Program.

RIDER
There shall be included on each non-exempt customer's monthly bill a Conservation Improvement Program (CIP) Adjustment, which shall be calculated by multiplying the monthly applicable billing kilowatt hours (kWh) by the CIP Adjustment Factor.

DETERMINATION OF CONSERVATION IMPROVEMENT PROGRAM ADJUSTMENT FACTOR
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All Classes	$0.001382 per kWh	R

Recoverable Conservation Improvement Program Expense shall be the CIP expense not recovered through base rates as determined from the CIP Tracker account balance for a designated period. All costs appropriately charged to the CIP Tracker Account shall be eligible for recovery through this Rider. All revenues received from the CIP Adjustment Factor shall be credited to the CIP Tracker Account.

Projected Retail Sales shall be the estimated kilowatt-hour sales to all non-exempt customers for the designated recovery period.

414 Nicollet Mall
Minneapolis Minnesota 55401

August 29, 2014

Burl W. Haar **—Via Electronic Filing—**
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: COMPLIANCE FILING
SOLAR*REWARDS PROGRAM
DOCKET NO. E002/M-10-1278

Dear Dr. Haar:

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission, this annual compliance filing for the Company's Solar*Rewards program, pursuant to the Commission Orders of June 30, 2011 and March 1, 2013 in this docket.

We have electronically filed this document, and served copies on the parties on the attached service list. If you have any questions regarding this filling, please feel free to contact me at paul.lehman@xcelenergy.com or 612- 330-7529.

SINCERELY,

/s/

PAUL J LEHMAN
MANAGER, COMPLIANCE AND FILINGS

Enclosure
c: Service Lists

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
David C. Boyd	Commissioner
Nancy Lange	Commissioner
Dan Lipschultz	Commissioner
Betsy Wergin	Commissioner

IN THE MATTER OF THE PETITION OF NORTHERN STATES POWER COMPANY FOR APPROVAL OF REVISIONS TO THE SOLAR*REWARDS PROGRAM AND CONTRACT TARIFF	DOCKET NO. E002/M-10-1278 **COMPLIANCE FILING**

OVERVIEW

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this annual compliance filing for the Company's Solar*Rewards program, as required by the Commission's Orders of June 30, 2011 and March 1, 2013 in Docket No. E002/M-10-1278.

Since the launch of the Solar*Rewards program in 2010, we have issued approximately $17.7 million in Solar*Rewards incentives and $13.4 million in Minnesota Bonus incentive payments for the installation of solar photovoltaic (PV) systems, for total installed capacity of 9.2 MW. To date, these systems have generated more than 21,636 MWh of distributed electricity. This year is the final funding cycle of Solar*Rewards under the Conservation Improvement Program (CIP).

PROGRAM REPORT

A. Background

The Company proposed the Solar*Rewards program in our 2010-2012 CIP Triennial Plan on June 1, 2009, in Docket No. E,G002/CIP-09-198. The Department approved the plan on November 23, 2009. To implement the program, we filed a petition for Commission approval[1] of a Solar*Rewards contract tariff. The Commission approved

[1] Docket No. E002/M-09-1167

the contract tariff in its February 16, 2010 Order in that docket. On December 20, 2010, the Company submitted revisions to the contract tariff to accommodate the Minnesota Bonus rebate program and make other changes[2]. The Minnesota Bonus rebate program was created as a result of Minn. Stat § 116C.7791. This program distributed rebates from the Company's Renewable Development Fund (RDF) for projects using panels manufactured in Minnesota. The Commission approved revisions to the contract tariff on June 30, 2011, and directed the Company to submit an annual compliance report beginning September 1, 2012.

Order Points 7 and 8 of the June 2011 Order detail the required contents of the report. Further revisions to the contract tariff were approved by the Commission on March 1, 2013. Order Points 7 and 8 of the March 1 Order directed us to discuss the use of AC or DC for the purposes of determining eligible project size and incentives. These Order Points were addressed in our August 30, 2013 Compliance Filing.

Additionally, the March 1 Order directed us to provide information on non-performing systems. This Order point is addressed within this Compliance filing.

In 2013, the Legislature[3] passed omnibus energy legislation which set forth the Solar Energy Standard, and directed the Company to file a community solar gardens program and a solar energy incentive program. On September 30, 2013[4], the Company filed its community solar gardens program and made plans to transition from the "existing" Solar*Rewards to a "new" Solar*Rewards program. The Legislation also created Minn. Stat. §216C.411 - §216C.415 to carve out $15 million annually for a period of 10 years from the RDF and other public utility funding for projects using PV devices that are certified as manufactured in Minnesota. This resulting program is called Made in Minnesota.

On October 31, 2013, the Company filed a program proposal with the Department of Commerce[5] seeking approval of the Company's new Solar*Rewards program and requesting budget modifications and closure of the existing Solar*Rewards program to new applicants[6]. On March 28, 2014, the Department approved the closure of the existing program and approved the proposal to launch the new Solar*Rewards program with modifications. Further, the Department required that Solar*Rewards incentives not be combined with incentives from other state and utility programs, including Made in Minnesota. Following the Department's Decision approving the

[2] Docket No. E002/M-10-1278
[3] Minn. Stat. §116C.7792 & Minn. Stat. §216B.164
[4] Docket No. E002/M-13-867
[5] Docket No. E,G002/CIP-13-1015
[6] Docket E,G002/CIP-12-447

transition and new program offering, the Company filed revised tariffs with the Commission on May 12, 2014 to implement these changes. The Commission's July 23, 2014 Order approved the Company's tariffs, and the new Solar*Rewards program launched on August 4, 2014.

This Compliance Filing provides reporting on the final year of the CIP Solar*Rewards program. Final program outcomes will be reported in the Company's 2014 CIP Status Report to be filed on April 1, 2015. In compliance with the Department's Decision and the Commission's Order in Docket No. E002/M-13-1015, the Company will file reports on the new Solar*Rewards program annually on or before June 1 of each year.

B. Program Statistics

We provide the following information as Attachment A. In compliance with Order Point 7a, we provide this information on both a cumulative and prior state fiscal year basis and broken down by customer class (residential and business).

- Total number of customers in the program,
- Total installed capacity under the program,
- Total energy created under the program,
- Total energy delivered to Xcel Energy under the program,
- Total number of RECs created and transferred to Xcel Energy under the program,
- Total program costs, and
- Total dollars awarded, including a separate breakout of the CIP incentive payments from the RDF Minnesota Bonus rebates

C. DSM Financial Incentive Awards

Order Point 7b requires us to provide an estimate of any DSM financial incentive awards attributable to the program for the prior calendar year. The Commission approved an incentive for Solar*Rewards in its March 12, 2012 Order[7]. Projects installed prior to the Order date are ineligible for the incentive. For projects installed after the Order date, we requested $50,434 in financial incentives in our 2014/2015 Electric CIP Adjustment Factor Petition[8], which is still pending.

[7] Docket No. E002/M-11-1101
[8] Docket No. E002/M-14-287

D. Program Update

Order Point 7c requires us to provide a program update, reporting on successes, failures, lessons learned, changes and revisions to the program (including all statutory and/or CIP program changes), and a discussion of the pattern of incentive payments and bonus rebates in the current year. We provide this information below.

1. Success

The Company is pleased to expand on the success of Solar*Rewards in recent years and continue to grow our portfolio of customer choices for renewable energy. Since 2010, the Solar*Rewards program has provided a total of $17.7 million in incentives for 726 PV systems at a total of 9.2 MW of generating capacity.

Two significant things occurred during this compliance period (July 1, 2013 to June 30, 2014):

- Regulators approved[9] a reduced incentive level, decreasing the incentive payments to system owners from $2.25 per Watt to $1.50 per Watt. The reduction in incentive allowed the rebate dollars to fund more projects, thus increasing the amount of PV capacity installed/rebated through the program from two to three megawatts.
- As noted, legislation passed in 2013[10] included a requirement for the Company to file a new program. There are a few key differences between the old and new programs. First, the new program is funded by the Renewable Development Fund rather than CIP. Second, the payment structure for participants has migrated from an up-front incentive to a production-based incentive. Finally, the qualifying system size under new Solar*Rewards is 20kW DC, down from 40 kW under CIP. These changes are discussed further below.

In conjunction with the proposal for new Solar*Rewards, the Company filed to terminate the existing Solar*Rewards program beginning in 2014. The Department's Decision, dated February 24, 2014, directed the Company to continue to process applications approved in 2013 and not open the program to new applicants in 2014. The tariff was officially closed by Commission approval on July 23, 2014.

In the current reporting year, 152 projects representing 2.9 MW were approved for funding. As of June 30, 2014, 127 projects have been completed. The remaining projects are in progress. The Company expects that the remaining projects will be

[9] March 1, 2013 Order in Docket No. E002/M-10-1278
[10] Minn. Stat. §116C.7792

completed in the calendar year 2014, but remain in contact with contractors and customers discussing project status.

2. Program Change and Relaunch

The Company developed new Solar*Rewards using the existing program as a model and building on lessons learned and stakeholder feedback. The new Solar*Rewards Program will provide production-based incentives determined by the kWh production of the PV system, as recorded by the production meter. The incentive is paid annually at $0.08 per kWh produced over the 10 year contract. New Solar*Rewards was launched on August 4, 2014. The Company will monitor incentive levels based on changing market conditions and overall program performance. If the Company determines that an incentive level adjustment is warranted, a program modification will be filed for Department approval.

Program changes were made to provide continued support for Xcel Energy's customers and Minnesota's PV industry helping to bring down the costs of PV for customers and broadening funding opportunity for additional customers.

Further, modifications to the program were made based on Minn. Stat. § 116C.7792. These modifications include:

- Solar*Rewards must remain a program offering for five years at $5 million per year, and
- Adjustment from 40 kW DC system max to 20 kW DC system max.

3. Challenges & Lessons Learned

a. Addressing past issues and concerns

The new Solar*Rewards Program builds upon the success of Solar*Rewards and address several of the challenges experienced in the three years of implementation.

As the new program launched in 2014, the Company took the opportunity to rebuild the online management and application tool. The new software system and revised application process has resolved a number of issues identified through various stakeholder groups. Issues included concerns about the transparency of process and communication of project status. The Company has focused on efficiency, integration and transparency. The tool accepted over 200 applications the first day of launch and has performed well as the applications move through the various stages in the process.

The Company has made further minor system improvements since launching; none of these alterations have resulted in a delay of the application process.

Below is an explanation of how this tool helps deliver the new Solar*Rewards program:

- **Integration**: The tool allows the Company to integrate several systems into one tool that speaks to other systems in order to speed up the process for application approval.
- **Efficiency:** The application process is separate from the engineering process, improving the program approval time for submitted applications. Adjusting the process to have the engineering review after program and funding acceptance has allowed installers additional time to prepare their engineering documents once approval is verified and funding secured. This flexibility also spreads out the timeframe for when our engineering review is requested, which has been beneficial to Xcel Energy's engineering department.
- **Transparency**: The new software also allows for ongoing communication. This option allows for routine emails to be sent to customers and installers at various stages of the application process as well as providing a unique log-in to help customers stay abreast of their projects details and removing the burden of lost paperwork.

b. Project Delay

Supply chain issues have delayed project completion for several projects initiated in 2013 for both Solar*Rewards and Minnesota Bonus projects. Installation delays are impacting the Minnesota Bonus panel manufacturers due to challenges in product manufacturing. To accommodate the installation challenges faced by program participants, Xcel Energy granted an extension for projects approved for funding.

The granted extension goes through September 2014; therefore the Company has regular contact with contractors and customers with in-process projects to assure that that they are actively progressing with final installation.

E. PV System Sizing for Electric Vehicles

Order Point 8 requires us to provide an estimate of the size of solar installation needed to allow residential customers to utilize Solar*Rewards rebates for current end uses plus 20 percent, and for an electric vehicle (EV) or other large addition to energy use, including whether such an expansion of the program would require changes in specifications and if so, a description of those changes. Since our last annual report,

we have not had any PV system sizing or 120 percent disputes related to the added load of EVs.

F. Non-Performing Systems

Order Point 12 of the March 1, 2013 Order required the Company, to the extent practicable, to track and report the number of PV systems that are not producing energy or RECs and are not repaired or replaced to original specifications within six months of the non-performance start date. The Company verifies that PV systems are producing energy by examining production meter data reports for all participating systems twice yearly. If the data review shows a null value at the production meter, solar program staff investigates further to resolve why no production is logged.

Of the null values that we have reviewed, most of them are simply billing correction and meter exchanges not related to the PV system. In this past year, we discovered one null value that was the result of a commercial building demolition and rebuild due to environmental issues. We are currently working with the property owner to re-install the PV system on the property.

We will continue to work with our customers to identify and resolve non-performing systems as they arise. It is in the interest of both Xcel Energy and the customer to get these systems up and running. Thus far we have had success in resolving these issues as they occur.

CONCLUSION

The Solar*Rewards program has been and continues to be a key driver of the growth of distributed solar generation in Minnesota, having injected more than $17.7 million in CIP Solar*Rewards incentive payments to local rooftop solar owners. The CIP Solar*Rewards tariff has been closed to new applicants and is in its final reporting year. We are pleased to transition to the second generation of Solar*Rewards, build on successes and lessons learned under CIP, and continue to provide customers interested in rooftop solar with an attractive incentive program while expanding solar capacity in Minnesota.

Dated: August 29, 2014

Northern States Power Company

Solar*Rewards and Minnesota Bonus Program Statistics

Program Information *Includes Solar*Rewards and Minnesota Bonus program-only projects, as well as combined projects*	**Cumulative**			**July 1, 2013 to June 30, 2014**		
	Residential	**Business**	**Total**	**Residential**	**Business**	**Total**
(1) Total number of customers	475	251	726	77	52	129
(2) Total installed capacity (kW)	2,635	6,524	9,159	453	1,857	2,310
(3) Total energy created (kWh)	7,590,904	14,045,414	21,636,318	333,400	1,318,751	1,652,151
(4) Total energy delivered to Xcel (kWh)	5,226,752	3,792,576	9,019,328	228,284	213,294	441,578
(5) Total number of RECs created and transferred to Xcel[1]	7,590	14,000	21,590	333	1,318	1,651
(6) Total CIP program costs ($)	$5,924,753	$13,140,906	$19,065,659	$818,256	$2,975,862	$3,794,118
(7) Total dollars awarded ($)	$6,946,477	$24,091,997	$31,038,474	$1,093,040	$6,125,159	$7,218,199
CIP incentive payments	$5,404,500	$12,252,291	$17,656,791	$679,193	$2,785,662	$3,464,855
Minnesota Bonus rebates	$1,541,977	$11,839,706	$13,381,683	$413,847	$3,339,497	$3,753,344

[1] RECs generated in 2014 are pending registration with MRETs.

CERTIFICATE OF SERVICE

I, Theresa Sarafolean, hereby certify that I have this day served copies of the foregoing document or a summary thereof on the attached list of persons.

xx by depositing a true and correct copy or summary thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota; or

xx via electronic filing

Docket No. E002/M-10-1278

Dated this 29th day of August 2014

/s/

_____

Theresa Sarafolean

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	No	OFF_SL_10-1278_Official
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Joel	Cannon	jcannon@tenksolar.com	Tenk Solar, Inc.	9549 Penn Avenue S Bloomington, MN 55431	Electronic Service	No	OFF_SL_10-1278_Official
John J.	Carroll	jcarroll@newportpartners.com	Newport Partners, LLC	9 Cushing, Suite 200 Irvine, California 92618	Electronic Service	No	OFF_SL_10-1278_Official
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 500 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_10-1278_Official
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Burl W.	Haar	burl.haar@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_10-1278_Official
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SaGonna	Thompson	Regulatory.Records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_10-1278_Official
Daniel	Williams	DanWilliams.mg@gmail.com	Powerfully Green	11451 Oregon Avenue N Champlin, MN 55316	Electronic Service	No	OFF_SL_10-1278_Official

Renewable Energy Segment

Minn. Stat. § 216.2411, subd. 1 allows public utilities to use up to five percent of total energy conservation improvement spending on qualifying solar energy projects. In the 2009 Legislative Session, the statute was amended to allow utilities to request permission from the Commissioner of Commerce to exceed the five percent cap, up to ten percent of a utility's minimum spending requirement.

In the Decision of our 2013-2015 CIP Triennial Plan, the DER approved the Solar*Rewards program with a budget that exceeds the five percent cap but stays within the ten percent cap. The Solar*Rewards program encourages residential and commercial customers to install solar photovoltaic systems on their homes and businesses.

Summary of Achievements

Renewable Energy Segment	Electric Goal	Electric Actual	% of Electric Goal
Budget	$3,625,431	$3,666,893	101%
Generator kW	1,566	1,047	67%
kWh Saved	4,242,254	2,747,096	65%
Participation	232	75	33%

Solar*Rewards

The Solar*Rewards program provides an incentive to customers to help reduce the upfront cost of installing customer-owned photovoltaic (PV) systems and encourage the production of clean, renewable energy. Both residential and commercial customers are eligible if their installed PV system is less than 40 kW, the qualified equipment is properly interconnected with Xcel Energy's system, and the Renewable Energy Credits (RECs) are assigned to Xcel Energy over a 20-year contract. The program is primarily marketed through solar installation companies.

With approval from both the Commission and the Department of Commerce – Division of Energy Resources, the CIP Solar*Rewards program and tariff was closed to new applicants in 2014. Pursuant to the 2013 Energy Omnibus bill, the Company also filed a new solar energy incentive program, also called Solar*Rewards. This second generation program is primarily funded by the Renewable Development Fund (RDF). Results of the new generation program will filed with the Minnesota Public Utilities Commission on or before June 1 of each year.

Deviation from Goal or Budget

There was a significant deviation from goal due to changes from the CIP Solar*Rewards program to the generation of Solar*Rewards. The program closed to new applicants in early 2014 but requested and received approval from the Department for an extension to allow delayed 2013 projects to be

completed in 2014. Program achievements are based on those projects that were rolled over and complete by the end of 2014.

The Commissioner approved a revised budget for the CIP Solar*Rewards program on August 7, 2014, adding an additional $400,000 to the approved budget of $3,225,431, as determined by the Departments February 24, 2014 Decision. While the Company came in over budget, this was due to additional labor expense associated completing older Solar*Rewards applications that were not easily managed within the new Salesforce platform. . IT spend came in under our request at $389,826.22.

Changes in 2014

In 2014, the old Solar*Rewards program that provided an up-front payment of $1.50 per watt was closed to new applications with some roll over projects being completed before December 31, 2014. This was replaced by a new performance based incentive Solar*Rewards program funded through the RDF as noted above.

RENEWABLE ENERGY SEGMENT - SOLARREWARDS **2014 ELECTRIC** **GOAL**

2014 Net Present Cost Benefit Summary Analysis For All Participants

	Participant Test ($Total)	Utility Test ($Total)	Rate Impact Test ($Total)	Total Resource Cost Test ($Total)	Societal Test ($Total)
Benefits					
Avoided Revenue Requirements					
Generation	N/A	$1,777,635	$1,777,635	$1,777,635	$1,777,635
T & D	N/A	$673,965	$673,965	$673,965	$673,965
Marginal Energy	N/A	$2,652,176	$2,652,176	$2,652,176	$2,652,176
Environmental Externality	N/A	N/A	N/A	N/A	$100,327
Subtotal	N/A	$5,103,776	$5,103,776	$5,103,776	$5,204,103
Participant Benefits					
Bill Reduction - Electric	$4,904,933	N/A	N/A	N/A	N/A
Rebates from Xcel Energy	$4,600,000	N/A	N/A	$4,600,000	$4,600,000
Incremental Capital Savings	$0	N/A	N/A	$0	$0
Incremental O&M Savings	$0	N/A	N/A	$0	$0
Subtotal	$9,504,933	N/A	N/A	$4,600,000	$4,600,000
Total Benefits	$9,504,933	$5,103,776	$5,103,776	$9,703,776	$9,804,103
Costs					
Utility Project Costs					
Customer Services	N/A	$0	$0	$0	$0
Project Administration	N/A	$400,000	$400,000	$400,000	$400,000
Advertising & Promotion	N/A	$0	$0	$0	$0
Measurement & Verification	N/A	$0	$0	$0	$0
Rebates	N/A	$4,600,000	$4,600,000	$4,600,000	$4,600,000
Other	N/A	$0	$0	$0	$0
Subtotal	N/A	$5,000,000	$5,000,000	$5,000,000	$5,000,000
Utility Revenue Reduction					
Revenue Reduction - Electric	N/A	N/A	$4,904,933	N/A	N/A
Subtotal	N/A	N/A	$4,904,933	N/A	N/A
Participant Costs					
Incremental Capital Costs	$16,776,667	N/A	N/A	$16,776,667	$16,776,667
Incremental O&M Costs	$0	N/A	N/A	$0	$0
Subtotal	$16,776,667	N/A	N/A	$16,776,667	$16,776,667
Total Costs	$16,776,667	$5,000,000	$9,904,933	$21,776,667	$21,776,667
Net Benefit (Cost)	($7,271,733)	$103,776	($4,801,157)	($12,072,891)	($11,972,563)
Benefit/Cost Ratio	0.57	1.02	0.52	0.45	0.45

Note: Dollar values represent present value of impacts accumulated over the lifetime of the measures.

Input Summary and Totals

Program "Inputs" per Customer kW		
Lifetime (Weighted on Generator kWh)	A	20.0 years
Annual Hours	B	8760
Gross Customer kW	C	1 kW
Generator Peak Coincidence Factor	D	47.29%
Gross Load Factor at Customer	E	14.69%
Transmission Loss Factor (Energy)	F	7.037%
Transmission Loss Factor (Demand)	G	7.437%
Societal Net Benefit (Cost)	H	($3,906)

Program Summary per Participant		
Gross Realized kW Saved at Customer	I	13.21 kW
Net coincident kW Saved at Generator	(I x D) / (1 - G)	6.75 kW
Gross Realized Annual kWh Saved at Customer	(B x E x I)	16,999 kWh
Net Annual kWh Saved at Generator	(B x E x I) / (1 - F)	18,286 kWh

Program Summary All Participants		
Total Participants	J	232
Total Budget	K	**$3,625,431**
Gross kW Saved at Customer	(J x I)	3,065 kW
Net coincident kW Saved at Generator	**(I x D) / (1 - G) x J**	**1,566 kW**
Gross Annual kWh Saved at Customer	(B x E x I) x J	3,943,733 kWh
Net Annual kWh Saved at Generator	**((B x E x I) / (1 - F)) x J**	**4,242,254 kWh**
Societal Net Benefits	(J x I x H)	**($11,972,563)**
Utility Program Cost per kWh Lifetime		**$0.0427**
Utility Program Cost per kW at Gen		**$2,315.09**

RENEWABLE ENERGY SEGMENT - SOLARREWARDS **2014 ELECTRIC** **ACTUAL**

2014 Net Present Cost Benefit Summary Analysis For All Participants

	Participant Test ($Total)	Utility Test ($Total)	Rate Impact Test ($Total)	Total Resource Cost Test ($Total)	Societal Test ($Total)
Benefits					
Avoided Revenue Requirements					
Generation	N/A	$0	$0	$0	$0
T & D	N/A	$0	$0	$0	$0
Marginal Energy	N/A	$1,801,738	$1,801,738	$1,801,738	$1,801,738
Environmental Externality	N/A	N/A	N/A	N/A	$66,626
Subtotal	N/A	$1,801,738	$1,801,738	$1,801,738	$1,868,365
Participant Benefits					
Bill Reduction - Electric	$3,739,746	N/A	N/A	N/A	N/A
Rebates from Xcel Energy	$3,021,188	N/A	N/A	$3,021,188	$3,021,188
Incremental Capital Savings	$0	N/A	N/A	$0	$0
Incremental O&M Savings	$0	N/A	N/A	$0	$0
Subtotal	$6,760,934	N/A	N/A	$3,021,188	$3,021,188
Total Benefits	$6,760,934	$1,801,738	$1,801,738	$4,822,926	$4,889,552
Costs					
Utility Project Costs					
Customer Services	N/A	($12,680)	($12,680)	($12,680)	($12,680)
Project Administration	N/A	$655,090	$655,090	$655,090	$655,090
Advertising & Promotion	N/A	$3,295	$3,295	$3,295	$3,295
Measurement & Verification	N/A	$0	$0	$0	$0
Rebates	N/A	$3,021,188	$3,021,188	$3,021,188	$3,021,188
Other	N/A	$0	$0	$0	$0
Subtotal	N/A	$3,666,893	$3,666,893	$3,666,893	$3,666,893
Utility Revenue Reduction					
Revenue Reduction - Electric	N/A	N/A	$3,739,746	N/A	N/A
Subtotal	N/A	N/A	$3,739,746	N/A	N/A
Participant Costs					
Incremental Capital Costs	$0	N/A	N/A	$0	$0
Incremental O&M Costs	$0	N/A	N/A	$0	$0
Subtotal	$0	N/A	N/A	$0	$0
Total Costs	$0	$3,666,893	$7,406,639	$3,666,893	$3,666,893
Net Benefit (Cost)	$6,760,934	($1,865,154)	($5,604,900)	$1,156,033	$1,222,660
Benefit/Cost Ratio	INF	0.49	0.24	1.32	1.33

Note: Dollar values represent present value of impacts accumulated over the lifetime of the measures.

Input Summary and Totals

Program "Inputs" per Customer kW		
Lifetime (Weighted on Generator kWh)	A	20.0 years
Annual Hours	B	8760
Gross Customer kW	C	1 kW
Generator Peak Coincidence Factor	D	48.80%
Gross Load Factor at Customer	E	14.68%
Transmission Loss Factor (Energy)	F	8.400%
Transmission Loss Factor (Demand)	G	8.800%
Societal Net Benefit (Cost)	H	$625

Program Summary per Participant		
Gross Realized kW Saved at Customer	I	26.09 kW
Net coincident kW Saved at Generator	(I x D) / (1 - G)	13.96 kW
Gross Realized Annual kWh Saved at Customer	(B x E x I)	33,551 kWh
Net Annual kWh Saved at Generator	(B x E x I) / (1 - F)	36,628 kWh

Program Summary All Participants		
Total Participants	J	75
Total Budget	K	**$3,666,893**
Gross kW Saved at Customer	(J x I)	1,957 kW
Net coincident kW Saved at Generator	**(I x D) / (1 - G) x J**	**1,047 kW**
Gross Annual kWh Saved at Customer	(B x E x I) x J	2,516,340 kWh
Net Annual kWh Saved at Generator	**((B x E x I) / (1 - F)) x J**	**2,747,096 kWh**
Societal Net Benefits	(J x I x H)	**$1,222,660**

Utility Program Cost per kWh Lifetime	**$0.0667**
Utility Program Cost per kW at Gen	**$3,502.23**

Electric Conservation Project Information Sheet

Utility Name:	Xcel Energy ID 85
Project Name:	Renewable Energy Segment - SolarRewards
Project Description: (Note changes)	
Type	Indirect
Status:	Existing

	2013 Proposed	2013 Approved	2013 Actual	2014 Proposed	2014 Approved	2014 Actual	2015 Proposed	2015 Approved	2015 Actual
Project Type -- Enter "X"									
Indirect (No kWh or kW Savings)									
Audit/Info									
Education									
Classroom Training/Instructional									
R&D									
Renewable									
Other									
Direct (kWh or kW Savings)									
Cost Components -- Enter Dollars									
Customer Services				0	0	-12,680			
Utility Administration				400,000	400,000	655,090			
Advertising & Promotion				0	0	3,295			
Participant Incentives				4,600,000	4,600,000	3,021,188			
R&D				0	0	0			
Other				0	0	0			
Total Costs				$5,000,000	$5,000,000	$3,666,893			
Project Participants									
Total Participants				232	232	75			
% of Spending by Customer Segment									
Residential				0%	0%	0%			
Commercial				0%	0%	0%			
Industrial									
Farm									
Other				0%	0%	0%			
Total % of Spending (must equal 100%)				0%	0%	0%			
Low-Income & Renter Participation									
Participants % (% of Row 32)				0%	0%	0%			
Budget % (% of Row 30)				0%	0%	0%			
End-Use Target -- Enter "X" or %									
Building Efficiency									
Compressed Air									
Energy Star Appliances									
Lighting									
Motors (including ASD, Fans, Pumps)									
Manufacturing Process									
Refrigeration									
Space Cooling									
Space Heating									
Water Heating									
Weatherization									
General/Other				x	x	x			
Energy and Demand Savings - Generator									
Average Annual kWh Savings per Participant				18,286	18,286	36,628			
Annual kWh Saved - Generator				4,242,254	4,242,254	2,747,096			
Cost per Annual kWh Saved				$1.1786	$1.1786	$1.3348			
Measure Lifetime (Years)				20.0	20.0	20.0			
Lifetime kWh savings				84,845,080	84,845,080	54,941,928			
Cost per kWh Lifetime				$0.0589	$0.0589	$0.0667			
Average kW Savings per Participant				6.75	6.75	13.96			
Annual kW Savings - Generator				1,566	1,566	1,047			
Cost per KW Saved				$3,192.85	$3,192.85	$3,502.23			
Cost/Benefit Results									
Societal									
Net present value				$0	$0	$1,222,660			
B/C ratio						1.33			
Participant					0.00				
Net present value				$0	$0	$6,760,934			
B/C ratio						INF			
Rate Payer					0.00				
Net present value				$0	$0	($5,604,900)			
B/C ratio						0.24			
Utility					0.00				
Net present value				$0	$0	($1,865,154)			
B/C ratio						0.49			

CERTIFICATE OF SERVICE

I, Tiffany Hughes, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota; or

xx by electronic filing.

Docket No.: E002/M-15-__

Dated this 1st day of April 2015.

/s/

_____

Tiffany Hughes

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Audrey	Partridge	audrey.peer@centerpointenergy.com	CenterPoint Energy	800 Lasalle Avenue - 14th Floor Minneapolis, Minnesota 55402	Electronic Service	No	SPL_SL__CIP SPECIAL SERVICE LIST
Kim	Pederson	kpederson@otpco.com	Otter Tail Power Company	215 S Cascade St PO Box 496 Fergus Falls, MN 565380496	Electronic Service	No	SPL_SL__CIP SPECIAL SERVICE LIST

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Lisa	Pickard	lpickard@minnkota.com	Minnkota Power Cooperative	1822 Mill Rd PO Box 13200 Grand Forks, ND 582083200	Electronic Service	No	SPL_SL__CIP SPECIAL SERVICE LIST
Bill	Poppert		Technology North	2433 Highwood Ave St. Paul, MN 55119	Paper Service	No	SPL_SL__CIP SPECIAL SERVICE LIST
Cindy	Schweitzer Rott	cindy.schweitzer@clearesult.com	CLEAResult's	S12637A Merrilee Rd. Spring Green, WI 53588	Electronic Service	No	SPL_SL__CIP SPECIAL SERVICE LIST
Ken	Smith	ken.smith@districtenergy.com	District Energy St. Paul Inc.	76 W Kellogg Blvd St. Paul, MN 55102	Electronic Service	No	SPL_SL__CIP SPECIAL SERVICE LIST
Leo	Steidel	N/A	The Weidt Group	5800 Baker Rd Minnetonka, MN 55345	Paper Service	No	SPL_SL__CIP SPECIAL SERVICE LIST
John	Steinhoff		Resource Solutions, Inc.	318 Kensington Drive Madison, WI 53704	Paper Service	No	SPL_SL__CIP SPECIAL SERVICE LIST
Richard	Szydlowski	rszydlowski@mncee.org	Center for Energy & Environment	212 3rd Ave N Ste 560 Minneapolis, MN 55401-1459	Electronic Service	No	SPL_SL__CIP SPECIAL SERVICE LIST
Steve	Tomac	stomac@bepc.com	Basin Electric Power Cooperative	1717 E Interstate Ave Bismarck, ND 58501	Electronic Service	No	SPL_SL__CIP SPECIAL SERVICE LIST
Robyn	Woeste	robynwoeste@alliantenergy.com	Interstate Power and Light Company	200 First St SE Cedar Rapids, IA 52401	Electronic Service	No	SPL_SL__CIP SPECIAL SERVICE LIST
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	SPL_SL__CIP SPECIAL SERVICE LIST