



414 Nicollet Mall  
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November 3, 2014

—Via Electronic Filing—

Burl W. Haar  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, Minnesota 55101

RE: REPLY COMMENTS  
RENEWABLE DEVELOPMENT FUND RIDER  
DOCKET NO. E002/M-14-814

Dear Dr. Haar:

Northern States Power Company, doing business as Xcel Energy, submits this Reply to the October 27, 2014 Comments of the Department of Commerce, Division of Energy Resources in the above-mentioned Docket.

We appreciate the Department's thorough review of our petition and apologize for inadvertently omitting the AnAerobics refund in our September 26, 2014 Petition. Below we provide a brief response to the Department's comments.

### Reply

#### *AnAerobics Refund*

Xcel Energy concurs with the Department's observation that the Minnesota Jurisdictional portion of 2015 RDF expenditures of \$18,038,037 did not subtract the \$811,518 in grant funds paid to AnAerobics that were recovered by the Minnesota jurisdiction. In accordance with the Commission-required Refund Plan filed by Xcel Energy on January 28, 2014 in Docket No. E002/M-00-1583, the \$811,518 has been subtracted from the expenses Xcel Energy will recover from its Minnesota ratepayers through the 2015 RDF rate factor. The updated 2015 RDF expenditures is \$17,226,519.<sup>1</sup>

Xcel Energy confirms that the Department's calculation and recommendation for a 2015 RDF rate rider factor of \$0.000563 per kWh is correct. Attachment 3 to our September 26, 2014 filing has been revised and attached to this filing. We will provide the revised tariff sheet and bill message containing the correct factor in our tariff compliance filing.

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<sup>1</sup> The \$17,027,148 listed in the January 28 refund plan for RDF Expenditures was based on the estimated 2015 information included in our 2014 RDF filing. The \$17,226,519 determination is based on the current forecast of 2015 RDF expenditures included in the 2015 rate rider filing.

Table 1 from our original September 26, 2014 filing which compares our 2015 RDF Rider request to what was approved in our last four annual filings has been corrected as follows:

**Table 1: 2015 RDF Rider - Summary Table**

	<b>2011 Rider</b>	<b>2012 Rider</b>	<b>2013 Rider</b>	<b>2014 Rider</b>	<b>2015 Rider</b>
Forecasted Costs	\$20,821,029	\$16,303,562	\$12,427,420	\$20,233,602	\$17,346,865
True-Up Adjustment	(\$1,582,379)	\$1,103,599	(\$199,144) <sup>2</sup>	\$2,456,773	(\$120,346)
Balance to Recover	\$19,238,649	\$17,407,161	\$12,228,276	\$22,690,375	\$17,226,519
Rate Factor	\$0.000401	\$0.000479	\$0.000402	\$0.000750	\$0.000563

*Administrative Cost Allocator*

Xcel Energy concurs with the Department's observation that the fourth RDF cycle will provide a significant increase in the administrative funding for Category A projects which will affect the historical methodology for allocation of administrative costs to the jurisdictions. The Department's recommendations for Xcel Energy to provide in the 2016 RDF annual tracker report the level of the administrative cost allocator used and a narrative that documents support of the proposed level is reasonable considering the shift to more funding applied to Category A projects. We will work with the Department to develop a process in which the administrative cost allocator is developed and supported.

We have electronically filed this document with the Commission, and copies have been served on the parties on the attached service list. Please contact me at (612) 330-7529 or [paul.lehman@xcelenergy.com](mailto:paul.lehman@xcelenergy.com) if you have any questions regarding this matter.

Sincerely,

/s/

PAUL J LEHMAN  
MANAGER, REGULATORY COMPLIANCE AND FILINGS

Enclosures  
c: Service List

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<sup>2</sup> In the 2013 RDF Rate Rider filing, Docket No. E002/M-12-1062, we inadvertently calculated the 2012 carry forward based on the filed rate for 2012, not the final rate for 2012. This error impacted the 2012 carry forward used in the calculation of the 2013 rider rate. Because the carry forward was negative (an over collection), making the change would have increased the proposed 2013 rate rider. We agreed in our Reply Comments not to make that change. While this table shows the 2012 carry forward based on the filed rate for 2012, this issue has no impact on the 2014 rate calculation. We have updated with 2012 actual data, and calculated the actual carry forward.

**RENEWABLE DEVELOPMENT FUND**  
**2015 Rider Calculation - Revised to Include AnAerobics Disallowance**  
 State of Minnesota Recovery

**2015 RDF Expenses**

	Forecast Jan 2015	Forecast Feb 2015	Forecast Mar 2015	Forecast Apr 2015	Forecast May 2015	Forecast Jun 2015	Forecast Jul 2015	Forecast Aug 2015	Forecast Sep 2015	Forecast Oct 2015	Forecast Nov 2015	Forecast Dec 2015	Total 2015
Category A Projects - EP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Category B Projects - R&D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Legis Mandates	\$ 243,175	\$ 12,300,263	\$ 504,315	\$ 437,674	\$ 224,273	\$ 211,426	\$ 384,811	\$ 396,747	\$ 386,470	\$ 485,361	\$ 343,620	\$ 546,024	\$ 16,464,159
REPI	\$ 134,228	\$ 134,228	\$ 134,228	\$ 134,228	\$ 134,228	\$ 134,228	\$ 134,228	\$ 134,228	\$ 134,228	\$ 134,228	\$ 134,228	\$ 134,228	\$ 1,610,736
Total Project Costs	\$ 377,403	\$ 12,434,491	\$ 638,543	\$ 571,902	\$ 358,501	\$ 345,654	\$ 519,039	\$ 530,975	\$ 520,698	\$ 619,589	\$ 477,848	\$ 680,252	\$ 18,074,895
Total Admin Costs	\$ -	\$ -	\$ -	\$ 8,661	\$ 8,661	\$ 8,661	\$ 21,461	\$ 8,661	\$ 8,661	\$ 8,661	\$ 8,661	\$ 8,661	\$ 90,749
<b>Total RDF Expense</b>	<b>\$ 377,403</b>	<b>\$ 12,434,491</b>	<b>\$ 638,543</b>	<b>\$ 580,563</b>	<b>\$ 367,162</b>	<b>\$ 354,315</b>	<b>\$ 540,500</b>	<b>\$ 539,636</b>	<b>\$ 529,359</b>	<b>\$ 628,250</b>	<b>\$ 486,509</b>	<b>\$ 688,913</b>	<b>\$ 18,165,644</b>

MN State Sales Allocator	83.3027%	83.3417%	83.2646%	83.5414%	83.6763%	84.1361%	84.6701%	84.3764%	84.0080%	84.1368%	83.4187%	83.0132%
MN Administrative Cost Allocator	91.6514%	91.6709%	91.6323%	91.7707%	91.8382%	92.0681%	92.3351%	92.1882%	92.0040%	92.0684%	91.7094%	91.5066%

**2015 RDF Rider Recovery**

Category A Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Category B Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Legis Mandates	\$ 243,175	\$ 12,300,263	\$ 504,315	\$ 437,674	\$ 224,273	\$ 211,426	\$ 384,811	\$ 396,747	\$ 386,470	\$ 485,361	\$ 343,620	\$ 546,024	\$ 16,464,159
REPI	\$ 134,228	\$ 134,228	\$ 134,228	\$ 134,228	\$ 134,228	\$ 134,228	\$ 134,228	\$ 134,228	\$ 134,228	\$ 134,228	\$ 134,228	\$ 134,228	\$ 1,610,736
Administrative Costs (1)	\$ -	\$ -	\$ -	\$ 7,948	\$ 7,954	\$ 7,974	\$ 19,816	\$ 7,984	\$ 7,968	\$ 7,974	\$ 7,943	\$ 7,925	\$ 83,488
AnAerobic Disallowance	\$ (67,627)	\$ (67,627)	\$ (67,627)	\$ (67,627)	\$ (67,627)	\$ (67,627)	\$ (67,627)	\$ (67,627)	\$ (67,627)	\$ (67,627)	\$ (67,627)	\$ (67,627)	\$ (811,518)
<b>Expense Recovery</b>	<b>\$ 309,777</b>	<b>\$ 12,366,865</b>	<b>\$ 570,917</b>	<b>\$ 512,224</b>	<b>\$ 298,829</b>	<b>\$ 286,002</b>	<b>\$ 471,228</b>	<b>\$ 471,333</b>	<b>\$ 461,040</b>	<b>\$ 559,937</b>	<b>\$ 418,164</b>	<b>\$ 620,551</b>	<b>\$ 17,346,865</b>

<b>Total 2015 RDF Expense Recovery</b>	<b>\$ 17,346,865</b>
<b>2014 True-up Amount to be Included in the Calculation of the 2015 RDF Rider</b>	<b>\$ (120,346)</b>
<b>Total Amount to be Recovered Through the 2015 Rider</b>	<b>\$ 17,226,519</b>

**2015 RDF Rider Calculation**

	Forecast Jan 2015	Forecast Feb 2015	Forecast Mar 2015	Forecast Apr 2015	Forecast May 2015	Forecast Jun 2015	Forecast Jul 2015	Forecast Aug 2015	Forecast Sep 2015	Forecast Oct 2015	Forecast Nov 2015	Forecast Dec 2015	Total 2015
2014 MN Calendar Month kWh Sales	2,605,896,907	2,335,721,092	2,488,888,482	2,278,778,992	2,369,610,045	2,638,174,180	2,984,734,715	2,895,944,214	2,533,186,623	2,506,928,829	2,426,113,853	2,553,288,385	30,617,266,317

<b>2015 Minnesota RDF Rider Factor</b>	<b>\$ 0.000563</b>
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**2015 RDF Tracker Calculation**

	Forecast Jan 2015	Forecast Feb 2015	Forecast Mar 2015	Forecast Apr 2015	Forecast May 2015	Forecast Jun 2015	Forecast Jul 2015	Forecast Aug 2015	Forecast Sep 2015	Forecast Oct 2015	Forecast Nov 2015	Forecast Dec 2015	Total 2015
Previous Year True-Up	\$ (120,346)												\$ (120,346)
Actual Expenses	\$ 309,777	\$ 12,366,865	\$ 570,917	\$ 512,224	\$ 298,829	\$ 286,002	\$ 471,228	\$ 471,333	\$ 461,040	\$ 559,937	\$ 418,164	\$ 620,551	\$ 17,346,865
Actual Retail Rider Revenues	\$ 1,466,184	\$ 1,314,172	\$ 1,400,350	\$ 1,282,134	\$ 1,333,239	\$ 1,484,344	\$ 1,679,333	\$ 1,629,376	\$ 1,425,274	\$ 1,410,500	\$ 1,365,030	\$ 1,436,584	\$ 17,226,519
Grant Project Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Balance</b>	<b>\$ (1,276,753)</b>	<b>\$ 11,052,693</b>	<b>\$ (829,433)</b>	<b>\$ (769,910)</b>	<b>\$ (1,034,410)</b>	<b>\$ (1,198,342)</b>	<b>\$ (1,208,105)</b>	<b>\$ (1,158,043)</b>	<b>\$ (964,234)</b>	<b>\$ (850,564)</b>	<b>\$ (946,866)</b>	<b>\$ (816,033)</b>	<b>\$ -</b>

<b>2015 RDF Rider True-Up</b>	<b>\$ -</b>
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See Attachment 16 for an explanation of all footnotes.

## 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

xx electronic filing

**Docket No. E002/M-14-814**

Dated this 3rd day of November 2014

/s/

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Tiffany Hughes  
Records Coordinator

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