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April 18, 2008

Illona A. Jeffcoat-Sacco, Executive Director
North Dakota Public Service Commission
State Capitol Building, Dept. 408
600 East Boulevard
Bismarck, ND 58505-0480

RE: Xcel Energy North Dakota Demand Side Management Proposal

Dear Ms. Jeffcoat-Sacco:

Enclosed for filing please find Xcel Energy's Petition for a Demand Side Management program and cost recovery rider.

Please note that the program cost projections and related information is for a 2009 "test year." However, we encourage the Commission to approve these energy efficiency initiatives for implementation during 2008, as the annualized nature of the recovery rider factor and the existence of a true-up mechanism allow for an earlier start. The Company only asks that it be allowed at least 60 days from the date of the Order to prepare the program roll-out and place the recovery rider in effect.

The Company is appreciative of the Commission's patience in waiting for this previously promised application, and looks forward to working with the Commission to help this program be successful in North Dakota. Please call me if you have any questions. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "David H. Sederquist".

David H. Sederquist
Sr. Consultant, Regulation & Finance
Xcel Energy

STATE OF NORTH DAKOTA
BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION

Susan E. Wefald
Tony Clark
Kevin Cramer

President
Commissioner
Commissioner

IN THE MATTER OF THE PETITION OF
NORTHERN STATES POWER COMPANY, A
MINNESOTA CORPORATION, FOR APPROVAL
OF A DEMAND SIDE MANAGEMENT PROGRAM
AND CORRESPONDING COST RECOVERY
RIDER IN THE STATE OF NORTH DAKOTA.

CASE No. PU-08_____

PETITION

I. INTRODUCTION

Northern States Power Company, a Minnesota corporation operating in North Dakota ("Xcel Energy" or the "Company") petitions the North Dakota Public Service Commission (the "Commission") for approval of a Company-sponsored Demand Side Management ("DSM") program and a related cost recovery tariff. The tariff would establish an Energy Efficiency Adjustment ("EEA") to be included on customer bills.

The energy efficiency incentives and rate discounts promoted through the DSM programs included in this proposal will result in reduced customer peak demands and lower energy consumption overall. The programs provide individual customers with information and options for managing their electrical demand, lowering their energy usage, and perhaps most importantly, saving money.

II. BACKGROUND

The Public Utility Regulatory Policies Act of 1978 (“PURPA”) identified and helped to focus attention on the benefits of “increased conservation of electric energy” and “load management techniques.” Studies conducted following the enactment of PURPA identified a significant potential to increase the efficiency of energy use. Responding to this potential, many state regulators required or supported utility-implemented rebate and other programs in the 1980’s and 1990’s.

These programs became known as “Demand Side Management” or “DSM.” According to the Department of Energy, DSM refers to “actions taken on the customer's side of the meter to change the amount or timing of energy consumption.” In other words, DSM programs are intended to influence the way customers use electricity or natural gas to reduce their overall energy costs.

DSM strategies have the ultimate goal of maximizing end-use energy efficiency to avoid or postpone the construction of new generating plants and related infrastructure (including generating facilities, demand purchases, and transmission and distribution capacity additions). In that endeavor, DSM programs seek to:

- Reduce energy use without degrading the quality of services provided. This is achieved by promoting the substitution of more technologically advanced equipment to produce the same (or a higher) level of end-use services (e.g., lighting, heating, cooling, drive power, or building shell) with less electricity;
- Reduce load during periods of peak power consumption on a utility’s system. Utilities typically employ interruptible load tariffs, time-of-use rates, direct load control, and other load management programs in meeting this objective; and

- Achieve load shape flexibility by modifying prices, cycling equipment, or interrupting service in response to specific changes in power costs or resource availability. Real-time pricing and time-of-use rates for pricing periods that have flexible hours are often used to achieve this objective.

The DSM programs sponsored by Xcel Energy in other states are developed and planned within an integrated resource planning framework whereby the benefits and costs of DSM are assessed alongside adding new generation resources or making power purchases. However, Xcel Energy's ability to fully promote DSM is hampered by conventional volumetric rate design practices that decrease utility energy sales, revenues, and regulated earnings when consumers use energy more efficiently. Approximately half of all state regulatory commissions overseeing utility DSM programs permit utilities to offset or mitigate this utility disincentive in one of three ways:

- (1) A "lost margin" or "lost revenue" adjustment mechanism that allows a utility to offset revenue reductions resulting from lower energy sales due to conservation;
- (2) Revenue decoupling that separates a utility's revenue stream from its energy sales; or
- (3) Utility financial incentives that are typically based on customer or generator kW savings achieved by the utility's DSM programs in a given year.

In its 1992 North Dakota electric rate filing, Xcel Energy (Northern States Power Co.) introduced a number of DSM programs. While these programs were approved by the Commission, only the amortization of one fifth of the rate-based, test year program expenditure (\$853,000) were included in rates. Over time, the cumulative program costs and resulting annual amortization expense grew significantly – from

about \$100,000 in 1993 to about \$600,000 in 1995. With no immediate plans to file a general rate increase, the Company decided to eliminate many programs and write-off the unrecovered DSM costs. Programs were terminated in part because there was no mechanism to recover either the program costs or the adverse impact of additional conservation on electric sales and revenues over time. In addition, the Company eliminated the programs that had lost much of their effectiveness due to the higher efficiency standards for appliances and equipment set by Federal laws.

III. RATIONALE

In general, properly established and well-executed DSM efforts in place throughout the industry have demonstrated a number of fundamental benefits to residential households, businesses, utilities, and society as a whole. These benefits include:

1. Reduced customer energy costs;
2. the elimination or deferral of power plant, transmission, and distribution construction, and reduced utility maintenance and equipment replacement costs;
3. reduced air emissions contributing to national and international environmental problems such as acid rain and global warming;
4. enhanced national security by easing dependence on foreign energy sources; and
5. stimulated economic development.

Specific to North Dakota, we believe this DSM proposal has merit in primarily five ways:

1. It acknowledges that customers are becoming increasingly mindful of the environment and the role energy efficiency can play, and are looking to their electricity provider for leadership;

2. more than ever, customers are seeking ways to manage increasing energy costs;
3. DSM is a cost-effective strategy alongside supply-side alternatives for meeting future customer energy demands;
4. reducing North Dakota energy and peak requirements will lower or at least stabilize the jurisdictional allocation of the Company's generation, transmission, and other system costs to North Dakota; and
5. it removes the strong financial disincentives that make it uneconomical for utilities to promote energy efficiency.

These attributes are discussed more fully in the following paragraphs.

Increasing Customer Focus on the Environment

In an August 2006 survey conducted by the University of North Dakota Bureau of Governmental Affairs, there were a number of findings that demonstrated interest among North Dakotans in being environmentally responsible. About 2/3's of the respondents expressed concern that fossil fuels may be contributing to climate change. 96 percent believed that renewable energy and energy efficiency should be promoted as a strategy to reducing our dependence on foreign sources of oil. 84 percent believed that the State's Resources Trust Fund should be used to fund energy efficiency and renewable energy projects as it was originally proposed. And, if they had to choose one source for meeting new energy demand, 80 percent preferred renewables and energy conservation. It is clear from this data that consumers in the state have a desire to become more energy conscience and efficient.

Customer Desire to Manage Increasing Energy Costs

While electric prices have seen gradual increases over the past several years, most of the rise in energy costs for consumers has been due to the simple fact that consumers are using more electricity than ever. According to the Consumer Electronics

Association, in 2006 the average household owned twenty-six consumer electronic products (DVD players, gaming consoles, cordless phones, digital cameras, and high-definition TV's, for example). This compares to an average of two such items in 1975. The average single-family home is almost 40 percent larger today than it was in 1976 according to the U.S. Census Bureau. And, the percentage of these homes with central air conditioning has increased from 27 percent in 1983 to 66 percent in 2006. Consumers are looking for ways to offset these added demands by becoming more energy efficient in other areas such as insulation, lighting, and/or cooling, or by changing the way they use their electric appliances and equipment.

Cost-Effectiveness of DSM

DSM programs are advantageous from a public-policy perspective to the extent that they provide net benefits to customers on a system-wide or societal basis. The net benefits can be measured by the benefits of avoided costs resulting from the energy and demand savings from the DSM programs, net of the costs of promoting DSM. Avoided costs refer to the costs of building new power plants and infrastructure that are avoided by meeting the corresponding demand through increased energy efficiency. The best measure of the net financial impact of DSM programs is the discounted flow of cost savings and expenditures attributable to the DSM program.

The Company assesses the economic viability of the DSM initiatives it offers in other states through a determination of the “net benefits” that are realized from each program. Net benefits are estimated by Xcel Energy in utilizing the Total Resource Cost (TRC) test. This test compares the avoided revenue requirements on the system (generation, transmission and distribution, and marginal energy costs) over the lifetime of the DSM equipment installed to the costs of the installed equipment plus utility costs to administer the DSM program. This process yields a benefit-cost ratio, where a program is determined cost-effective if the benefit-cost ratio exceeds 1.0.

The Total Resource Cost (TRC) test is calculated using the following formulas:

- $TRC \text{ Net Benefits} = Gen_{LAC} + T\&D_{LAC} + ME_{LAC} - PAdmin - IncrCap,$
- $TRC \text{ Ratio} = (Gen_{LAC} + T\&D_{LAC} + ME_{LAC}) / (PAdmin + IncrCap),$

where

- Gen_{LAC} = present value of future generation costs avoided over the lifetime of the equipment,
- $T\&D_{LAC}$ = present value of future transmission and distribution costs avoided,
- ME_{LAC} = present value of future marginal energy costs avoided,
- $PAdmin$ = administration costs of program (including rebates), and
- $IncrCap$ = incremental capital costs of DSM equipment installed.

The TRC net benefits and TRC ratio for each program is shown on the summary table on Attachment A.

Impact on Jurisdictional Cost Allocations

The State of Minnesota has recently passed legislation that establishes a goal for utilities in Minnesota to obtain energy savings equal to 1.5 percent of annual retail energy sales. As a result, if the Company does not expand its DSM program offerings into North Dakota, Xcel Energy's electric sales and coincident peak demands in the state of North Dakota will likely comprise an increasingly greater share of overall system usage. This would result in a larger percentage of the many utility costs that are jurisdictionally allocated based on demand or energy being assigned to customers in North Dakota. In approving the proposed programs, the Commission will help to ensure that such increases in cost allocations to North Dakota are minimized or eliminated.

Removal of Utility Disincentive

Finally, the Company's proposal includes a recovery mechanism that removes the disincentive discussed previously regarding the adverse impact that lower sales has on utility earnings. Specifically, Xcel Energy proposes that electric margins lost due to the Company's DSM efforts in North Dakota be recovered through a rider, thereby allowing the Company to fully promote these programs without financial harm.

In summary, with this petition Xcel Energy seeks to renew its commitment to more actively promote energy conservation in North Dakota. It desires to do this in a manner that will provide financial and environmental benefits to consumers while mitigating the resulting long-term adverse financial impacts on the Company.

IV. PROPOSED PROGRAMS

Attachment A provides the anticipated number of participants, the forecasted program costs, the estimated reduction in kilowatt ("kW") demand and kilowatt-hour ("kWh") energy savings at the generator, the Total Resource Cost ("TRC") net benefits, and the TRC ratio for each of the proposed programs for 2009.

Xcel Energy's proposed DSM programs for North Dakota can be categorized into three primary areas: Energy Efficiency, Load Management, and Customer Service, which are defined as follows.

Energy Efficiency

Energy Efficiency Programs reduce energy use by improving the efficiency of energy-consuming equipment (for example, installation of energy efficient lighting and motors), buildings, and industrial processes.

Energy efficiency programs were previously offered by the Company in North

Dakota until 1996. At that time, these programs had lost much of their effectiveness after the Energy Efficiency Act was adopted by Congress in 1996. That Act raised the minimum efficiency standards to the same levels for which the Company was providing incentives. Therefore, the Company discontinued those rebates to avoid providing “free rider” rebates (i.e., incentives to customers who would have acquired the energy efficient equipment regardless of the program).

Load Management

These programs redistribute energy demand more evenly throughout the day, using interruptible rates (providing rate discounts in exchange for the right to reduce customers' electricity allocation during the few hours each year with the highest electricity demand), load modifying services (such as cycling air conditioning loads during periods of peak demand), and time-of-use rates (charging more for electricity during periods of peak demand).

Xcel Energy’s load management programs consist of rate discounted, load control service offerings called

- *Energy Controlled Service* (rate code D22 – ND Electric Rate Book Section No. 5 Sheet Nos 44-51),
- *Peak Controlled Service* (rate code D20 – ND Electric Rate Book Section No. 5 Sheet Nos 32-35), and
- *Saver’s Switch*[®], a controlled air conditioning service (ND Electric Rate Book Section No. 5 Sheet Numbers 78-80).

These rates already exist, but with DSM funding the Company can expand participation in these service offerings by adding a North Dakota sales representative and enhancing other marketing efforts.

Customer Service

These are indirect impact programs (meaning no direct energy savings is measured). They provide energy information to encourage cost-effective use of new technologies and influence consumer decisions and behaviors that result in wiser energy use and reduced overall energy costs.

At Xcel Energy, Customer Service programs take the form of Consumer Information, Home Energy Audits, and Commercial Energy Analysis. Because these efforts may or may not result in any action taken by the consumer, the Company has not historically attempted to quantify the potential impacts of these programs.

A. Residential Programs

Xcel Energy presently serves about 73,800 residential customers in North Dakota. The primary energy usage for these customers is lighting and cooling. The Company's residential DSM programs will focus on building awareness of wise energy use through a mix of energy efficiency products and education. This will be accomplished primarily through direct marketing, call center support, bill inserts, retail store incentives, and use of the Company website (www.xcelenergy.com).

Specifically, the Company proposes the following residential programs, grouped by the primary DSM categories:

DSM Category	Residential Programs
Energy Efficiency	Home Lighting
Load Management	Saver Switch
Customer Service	Home Energy Audits Customer Information

Annual energy savings (generator) forecasted for the residential segment in 2009 is 522,292 kWh, and reduced generator demand is expected to be 644 kW.

Energy Efficiency

Home Lighting

Home Lighting is an energy efficiency program designed to increase the use of more efficient lighting products in residential homes and thereby help customers save money and energy in the long term. For residential customers the focus is on compact fluorescent lighting (“CFL”), and the benefits include:

- Savings of up to \$50 or more in energy costs over the life of one bulb
- A lifespan up to 10 times longer than a traditional bulb
- Energy savings up to 75 percent compared to incandescent lighting
- Environmentally friendly

In essence, the program offers incentives to residential consumers to purchase CFLs. Two marketing approaches are employed: direct sales marketing and in-store rebates.

Direct Sales Marketing - Through direct sales, a wide variety of compact CFLs (listed below) are sold through a third party vendor at competitive prices. The company executes an “upstream buy-down” to lower the bulb prices below the normal retail level. The actual sale and delivery of the bulbs is accomplished through the lighting vendor that manages and owns the lighting inventory.

The following CFL bulbs are available through direct sales:

- Twist style - 13, 15, 19, 23, 30, and 42 watt options;
- Reflectors - 15 watt regular & dimmable (indoor); 19 watt (outdoor);
- Globes: 11 and 15 watt options;
- Decorative – 5 watt, standard or candelabra;
- A-Line: 14 watt;

- 3-Way Twist style: 11 | 22 | 28 watt;
- Bug Light: 14 watt;
- Full Spectrum: 14 and 27 watt;
- Dimmable: 20 and 25 watt;
- Wet Location: 20 watt; and
- Torchiere fixture or replacement bulbs: 58 watt.

Xcel Energy will promote the sale of CFL bulbs through bill inserts and its website. Customers can order bulbs via mail, phone, on-line, and fax.

In-Store Rebates - Xcel Energy also promotes CFL's through in-store instant rebates. In these promotions, the bulb manufacturer, retailer, and the Company combine funds to offer instant rebates, enabling customers to purchase CFLs at a discounted price, typically at \$.99 per bulb. The Company uses both "big box" retailers and chain stores to promote the bulbs.

One example of in-store rebates is Xcel Energy's participation in the national ENERGY STAR *Change-a-Light, Change-a-World* annual promotion. This campaign leverages nationwide efforts by the Department of Energy to provide a consistent message and economies in promotion costs. The bulbs are promoted through public relation efforts and retailer print advertising. At present, we have compiled a list of participating North Dakota retailers within our service territory. Depending on when Commission approval of these proposed DSM programs might be made, the Company would like to include North Dakota in the bidding process for the *Change a Light, Change a World* promotion. The promotion takes place in the fall, but Xcel Energy issues its Request for Proposal this spring to retailer/manufacturer partners, with a decision determining our promotion partners made by early summer.

Load Management

Saver's Switch®

Residential Saver's Switch® is a load management program that reduces the contributions to system peak load made by central air conditioners and electric water heaters. Participants agree to have a small radio-controlled device installed at their home to cycle air conditioners off and on when system or economic conditions exceed predetermined trigger points. A similar device is installed to turn off electric water heaters for a duration of up to five hours during these same system or economic conditions. The Saver Switch devices provide the communication technology that enables Xcel Energy to remotely control the enrolled equipment.

Xcel Energy may control Saver Switches to reduce peak electric demand on hot, humid summer weekdays – 10 to 15 days at most each year – when the Company's load is expected to approach its system capacity. Air conditioners are cycled off and on at 15- to 20-minute intervals. However, the furnace fan stays on, circulating already-cooled air throughout your home. Most customers don't even notice when Saver's Switch is activated. An independent test of 40 homes showed an average increase of only one to two degrees Fahrenheit during activation. On control days, Saver's Switch is typically activated during the afternoon into early evening, when most customers are likely to be outdoors or not at home.

Customers receive a 15% discount on electric energy and fuel cost charges on bills issued from June through September. An additional 2% savings on bills all year round is available if customers enroll their electric water heater at the same time. The Saver's Switch will shut off the water heater usually for a six-hour period on hot summer days or cold winter afternoons.

Some of the conditions for utilizing Saver's Switch include:

- Participants must be an Xcel Energy residential electric customer with central air conditioning. Saver's Switch is not available if you live in an apartment or if you have a window or wall air conditioning unit.
- The Saver's Switch unit will be installed six to eight weeks after sign up. If you enroll during winter, the unit will be installed the following spring.
- The program discount for central air conditioners will apply to the energy charges up to a maximum of 4,000 kWh per month on electric bills issued from June through September. For electric water heaters, the discount will be on electric bills issued January through December.
- No appointment is necessary for the installation of the Saver's Switch. The switch is installed near the air conditioner. All the work will be performed outside of the home.
- Saver's Switches cannot be installed on the electric water heater only. To install the control switch on a water heater, someone must be home and the air conditioner control switch must be installed at the same time.
- Participation in Saver's Switch is automatically carried forward every year. Minimum participation commitment is one year.
- The maximum amount of allowable Saver's Switch control hours is 300 hours per year. Historically, Xcel Energy has activated Saver's Switch about 40 hours per year on air conditioning and 55 hours per year for electric water heaters.
- Participation in Saver's Switch is limited and some restrictions apply.
- Applications will be accepted on a first-come, first-served basis.

Residential Saver's Switch is promoted through mass-marketing techniques. Eligible customers are made aware of the program via direct mail, bill inserts, the Company

website, and call campaigns. At the Xcel Energy website, customers can enroll in the program and view an interactive demo that explains the switch, installation, and what happens on control days.

Xcel Energy began this program in North Dakota in 1991, but it has not been actively promoted in the state. At the end of 2007, about 15,000 customers in North Dakota were enrolled. Customers throughout the NSP service territories in North Dakota, South Dakota, Minnesota, and Wisconsin participate in the program.

Customer Service

Home Energy Audits

The Home Energy Audit Program consists of two levels of energy analysis: Standard and Infrared.

The Home Energy Audit provides residential energy audits to Xcel Energy electric customers. The purpose of this product is to improve energy savings by influencing homeowners' and renters' behavior through energy conservation education and assessment.

Customers are responsible for a \$35 co-payment for their home energy audit (the charge is included on their next Xcel Energy bill).

The essential elements of Xcel Energy audits are:

- Customer energy bill analysis;
- Client assessment and education;
- Shell assessment;
- Mechanical and electrical equipment review;

- Written energy savings recommendations; and
- Optional blower door test.

For an additional charge of \$65, Xcel Energy will also perform a high-tech infrared analysis during its home energy audit. Benefits of infrared testing include identifying insulation needs, moisture problems, and air leakage paths within walls, attics, windows and doors, as well as providing a quality check for existing insulation. Infrared testing along with the required blower door test gives customers a more detailed list of structural conservation improvements available to them through non-invasive testing, thus increasing their potential savings. Customers will be billed for the infrared analysis on their Xcel Energy bill as well.

Xcel Energy plans to market the home energy audit program through various methods, including general customer inquiries regarding their energy bill, direct mail campaigns, bill inserts, newsletters, home shows, and cross-marketing efforts with other Company residential energy conservation programs.

Consumer Information

Consumer Information is an indirect-impact program that focuses primarily on creating awareness of energy conservation while providing residential customers with information on what they can do in their daily lives to reduce their energy usage. Specifically, under this program the Company intends to provide consumer education messages through bill inserts and local newspapers, and publish energy conservation booklets and brochures for distribution at promotional events and by request. An example of these materials is included as Attachment B and can also be found at www.xcelenergy.com.

B. Commercial Programs

Commercial programs will contribute the majority of Xcel Energy's planned energy efficiency and load management objectives in this proposed DSM Plan. Planned energy savings in 2009 are 2,701,763 generator kWh and 2,206 KW of reduced generator demand. Energy efficiency and load management achievements in this customer segment are primarily dependent on the efforts of Xcel Energy account managers, end-use equipment vendors and/or trade allies, and energy services companies. Although electric sales to the largest business customers will typically require personal visits, the Company also proposes to utilize newsletters, customer events, direct mail, email communications, and awareness advertising to reach our business customers. The commercial programs, listed by DSM category, are as follows:

DSM Category	Business Programs
Energy Efficiency	Lighting Cooling Motor & Drive Energy Design Assistance Custom Efficiency
Load Management	Peak & Energy Controlled Rates Saver's Switch [®]
Customer Service	Energy Analysis

Energy Efficiency

Lighting Efficiency

For most businesses, lighting is a main driver of energy bills accounting for up to 44 percent of monthly energy expenses. Every step to reduce lighting use, from installing energy-efficient lighting to limiting lights to where and when they are

needed, can significantly reduce energy bills and earn rebates. Attachment C shows the lighting rebates Xcel Energy proposes to offer.

Lighting Efficiency offers the following programs to help customers decide to purchase and install more energy-efficient lighting equipment:

1. Lighting Retrofit Rebates

Available for existing facilities of any size, our one-to-one retrofit rebates help offset the cost of installing new lighting equipment that's more efficient than the customer's current lighting.

2. New Construction Lighting Rebates

Available for new facilities, any facility going through major renovations, or for customers adding fixtures. New construction rebates reward customers for choosing lighting options that are more energy-efficient than standard options.

Cooling Efficiency

The Cooling Efficiency Program provides financial incentives for energy efficient electric cooling equipment. The program offers incentives for most of the air conditioning technologies available in the marketplace and encourages the highest practical efficiency in each category.

The Cooling Efficiency Program includes the following components:

- Packaged Terminal Air Conditioners (PTAC),
- Water Source Heat Pumps,
- Rooftop Units,
- Rooftop Unit Economizers,
- Split Systems,

- Condensing Units,
- Air Cooled Chillers,
- Centrifugal Chillers,
- Oversized Cooling Towers,
- Variable Air Volume (VAV) box, and
- Hotel Room Controllers.

Attachment D shows the basic incentives included within the Cooling Efficiency Program.

Except where noted, rebates are available on a dollar per ton basis with an incremental rebate based on a dollar per ton per 0.1 EER above the base minimum efficiency level. This incentive mechanism encourages customers to choose equipment that is more energy-efficient than the minimum requirements.

Motor Efficiency

Xcel Energy will offer cash rebates to customers who install NEMA Premium™ efficiency motors and energy-saving variable frequency drives (VFDs) in existing and new construction facilities. Installing NEMA Premium efficiency motors and variable frequency drives contribute to the customer's bottom line by reducing energy use which lowers operating and energy costs.

Properly designed VFD applications will match the motor speed to the workload required. This, in turn, can increase a customer's overall machine operating efficiency, while saving energy and reducing maintenance costs. Variable frequency drives will also extend the productive life of a motor due to reduced stresses and fewer

revolutions. Customers do not need to replace a motor as often, saving them capital expenses and reducing the simple payback period over the life of the motor.

Shown in Attachment E are the types of rebates the Motor Efficiency Program will offer for installing National Electrical Manufacturers Association (“NEMA”) Premium efficiency motors and/or qualifying VFDs.

Prescriptive motor rebates cover motors from 1 horsepower to 200 horsepower when they meet or exceed the NEMA Premium efficiency standards indicated in Attachment E and include the following features:

- AC polyphase induction motor;
- Squirrel cage rotor design;
- NEMA design B torque characteristic; and
- Synchronous speeds of 3600, 1800, or 1200 RPM.

Prescriptive VFD rebates cover VFDs from 1 horsepower to 200 horsepower when they:

- Operate at least 4,000 hours per year;
- Run at two or more operating points less than 55 percent loaded, 75 percent of the time;
- Are tied to an automatic control system; and
- Are installed on qualifying applications.

Custom Efficiency

The Custom Efficiency program helps customers lower your operating costs by providing rebates on a wide variety of equipment and process improvements that lead to energy savings. Customers receive rebates for choosing energy-efficient investments that exceed standard efficiency options, but are not covered under the

Company's standard conservation programs. The more energy a project saves, the more a business can earn in rebate dollars -- up to \$200 per kW saved and up to \$2 per MCF saved. All Custom Efficiency projects require preapproval before purchase and installation.

Custom Efficiency can help customers reduce the costs of doing business if the customer plans to do any of the following:

- Make energy-efficiency improvements not covered by our standard rebate programs;
- Replace existing equipment or add new equipment;
- Change their operations, which could impact processes or equipment needs; and
- Operations and maintenance costs are increasing.

A wide range of equipment and process changes may qualify for our Custom Efficiency program. Examples include (but certainly are not limited to):

- Cooling - PTAC units, economizers, new chiller equipment, ventilation fans;
- Lighting - LED signs, lumen output changes;
- Miscellaneous - Energy-efficient windows (film, argon, Low E), humidification;
- printing presses, welders, elevator modernization (DC to AC motor conversion);
- Motors & Drives - greater than 200 hp (individually), overall motor hp reduction; and
- Refrigeration - ammonia compressors, insulated freezer doors.

The benefits of Custom Efficiency programs include:

- Shortens payback terms. The more efficient the equipment, the more that can be earned in rebates;
- Lowers energy costs or makes energy use more cost-effective now and for the long-term, as a result of new energy-efficient equipment;
- Increases business productivity and profitability by investing in equipment that can boost output without increasing energy costs;
- Decreases maintenance costs and downtime with newer and more efficient equipment.

The Company would require pre-approval of all Custom Efficiency projects before the participant purchases and installs equipment. The applicant will be notified within 10 days if their project qualifies for a Custom Efficiency rebate and how much the rebate will be. Rebates will be calculated on a project-by-project basis with rebates based on energy savings.

Energy Design Assistance

The Energy Design Assistance program (EDA) influences building owners, architects, and engineers to include energy-efficient systems and equipment in their design for new construction and/or major renovation projects. EDA targets new construction and major renovation projects over 50,000 square feet that are early in the design process. The program provides design teams (including the building owner, architect and engineer) with customized information for their building so that design teams can make informed tradeoff decisions between cost, energy savings and technologies. The program offers a system model of anticipated energy performance with hourly, whole-building computer simulations (utilizing the Department of Energy's DOE-2 modeling system). Multiple combinations of different energy system strategies are modeled independently, providing the design team with a choice of solutions. Specifically, the program focuses on reviewing various building systems, such as

HVAC, lighting, window glazing, and controls, to determine their interactive effects on energy use and summer peak kW savings.

Building owners benefit from a no-cost, professional energy consultation and comprehensive, whole-building energy analysis to provide information on costs, savings and paybacks to aid in initial decision making for their building's future energy use. The Company also provides rebates to building owners for implementation of energy-efficient system strategies.

Architects and engineers benefit from an additional whole-building energy analysis that aids them in helping their clients achieve energy saving results. Building design professionals are compensated for their time spent in meetings, data analysis and additional design review.

Electric rebates to building owners range from \$170 to \$275 per kW saved based on percent of peak kW saved. Customers are also provided design assistance, verification, and validation services.

Financial incentives are provided to building owners for implementing comprehensive energy conservation strategies. All EDA projects also include measurement and verification to ensure that the selected strategies are installed and operating as intended.

Load Management

Peak and Energy Controlled Services

Xcel Energy offers two electric load control rates to business customers -- the Peak Control Service program and the Energy Control Service program. These service offerings provide customers rate discounts for reducing electric load on days in which the company is experiencing peak or near-peak demands for electricity (during what is

termed “control periods”). These two rate options have been available to customers in North Dakota for several years. However, with this filing, the Company plans to utilize additional DSM funds to more actively promote and recruit customers into the programs.

With peak and energy controlled rates, participants receive a monthly discount on their demand charge in return for reducing electric load when notified and requested by Xcel Energy. Customers must be able to reduce their electric load by a minimum of 50 kW during a control period. Participants may save as much as 60 percent on demand charges over the entire year for the demand they agree to reduce during control periods.

Peak Control Service is generally utilized on hot, humid summer weekdays when Xcel Energy’s load for electricity approaches peak capacity. Although control days typically occur during the summer months, they can occur at other times throughout the year if and when the reliability of the system may be at risk.

Similar to the Peak Control Service Program, the Energy Control Service Program typically involves customers who own their own standby generator. In exchange for running their generator when called upon, the customer enjoys a significant rate discount throughout the year. Energy Control Service customers can save up to **60%** on their demand charges whereas, Peak Control Service customers can save up to **51%**. Energy Control Service customers realize a larger savings because they agree to control up to 300 hours per year compared to Peak Control Service customers who may be controlled up to 80 hours per year. In addition, the Energy Control Service has a 10-year contract obligation with a 3-year cancellation notice whereas the Peak Control Service requires a 5-year contract and a 6-month cancellation notice. (Both options have a one-year trial period.)

Customers will see savings all year round on their energy bill because the Company applies a controllable discount to firm demand prices. For the period June-September, the discount ranges from \$4.43 to \$6.01 per kW on the controllable load. Similarly, for the period October-May, a discount ranging from \$2.12 to \$3.70 per kW is applied to the controllable load.

Adding time-of-day service provides even more savings if a customer can use part of their electric load during off-peak hours. Businesses with extended hours that currently use or can shift at least 55 percent or more of their energy use to off-peak hours (9 p.m. to 9 a.m.), and also can reduce their on-peak demand by 50 kW or more, can realize substantial savings with the Company's time-of-day service. The balance of energy use (the on-peak portion) must then meet the requirements stated in the load control service contract.

The target market for the program is business customers that are able to reduce electric load during control periods by at least 50 kW. Currently, the Peak and Energy Control programs are promoted directly by the Company's account manager in North Dakota. With this proposal, an additional account representative would be added to further promote these rate offerings.

Business Saver's Switch[®]

Business Saver's Switch is a "direct control" Load Management offering for commercial customers. The Business Saver's Switch program is generally utilized on hot, humid summer weekdays when Xcel Energy's load reaches a system peak. Xcel Energy uses a pager-activated Saver's Switch to adjust an air conditioner so it cycles off and on at 15- to 20-minute intervals. While it saves electricity, most customers don't notice a difference in the level of cooling.

The Commercial Saver's Switch program is promoted through a combination of marketing materials and the Company's North Dakota account manager. Saver's Switch pays a monthly discount of \$5 per ton of enrolled air conditioning on a business's electricity bills from June through September. Most customers have about 5 tons of air conditioning included, which saves them \$100 each summer – and customers with larger systems save more.

Saver's Switch participants receive electric bill discounts during the summer months for agreeing to have Xcel Energy remotely control forced direct expansion (DX) air conditioners during times of peak electric demand.

Customer Service

Energy Analysis

This Customer Information program offers tools that help business customers analyze their facility's energy use. Participants receive an assessment and a written report with suggested conservation measures that will aid them in making decisions on implementation. The goal of this program is to provide suggestions for improvements to save energy and reduce operating costs. This service focuses on a customer's core energy efficiency opportunities and targets customers who will be motivated to take action and implement the energy conservation measures that are recommended in their assessment. However, because the Company cannot assume that customers will act on energy analysis recommendations, Xcel Energy chooses not to attribute any direct energy savings to the program. The program offers two different methods of assessment:

On-line Energy Assessment – This tool provides free, basic information on specific areas to improve energy efficiency based on regional averages and specific information provided by the customer. The tool serves as a starting point for

customers to identify energy saving strategies and is available for customer use at: www.xcelenergy.com.

On-Site Energy Assessment – The Company offers comprehensive information per an on-site audit performed by one of Xcel Energy’s contracted energy auditors. The audit provides detailed cost and payback information for specific energy efficiency opportunities to help prioritize improvements. Participants also receive a report containing an energy use profile and rate analysis. The assessment price paid by the customer is \$200 for buildings less than 25,000 square feet or \$300 for buildings equal to or greater than 25,000 square feet.

V. EFFECT OF CHANGE ON XCEL ENERGY REVENUE

Overcoming Utility Disincentives to DSM

Under normal operating conditions, a utility’s financial position is improved, over the long term, by increasing sales of electricity and investing in electric infrastructure to meet customer requirements. Conversely, decreasing electricity sales and infrastructure investments result in a loss of earnings for the utility, and its financial health is diminished. Because DSM programs are intended to reduce energy usage and peak demands, a strong disincentive exists for a utility to promote them.

There are, however, several mechanisms used across the country to mitigate the utility disincentive and encourage utility support of DSM initiatives. They include cost recovery riders, rate decoupling, recovery of lost margins, and/or benefits sharing based on a percent of DSM spending or the calculation of net benefits.

Xcel Energy proposes that it be allowed to recover, through a DSM recovery rider, both DSM program costs and an offset for electric margins lost as a result of declining electric sales. The Company believes a mechanism that provides timely

recovery of program and costs and offsets the adverse impact of an overall loss of sales will allow it to remain “whole” financially, stave off the need for future rate cases, and ensure that the program is sustainable well into the future.

Proposed Lost Margin Recovery

By design, DSM initiatives reduce electric sales. This, in turn, reduces revenues, which over time contributes to an increasing revenue deficiency that must ultimately be addressed with a general rate case. To “neutralize” the adverse financial effect of DSM and reduce the frequency of general rate cases, a DSM recovery mechanism is needed to offset the electric margins that are lost as a result of DSM-driven energy conservation.

During the periods between rate cases, the lost margins from DSM energy savings grow as the installed equipment or efficiency actions produce energy savings each year thereafter. The longer the time lag between rate cases, the greater the annual impact of lost margins. Attachment F shows how the lost margin from previous DSM program years accumulates such that the impact in later years becomes quite significant (assuming no rate case filings occur). It is difficult to predict how often rate cases will be filed. While it has been 15 years since the Company’s last electric rate case in North Dakota, in the future, the time interval between cases is expected to be much less – especially if the revenue losses stemming from DSM energy and demand savings is not adequately addressed.

The determination of lost margins is fairly straight-forward: the energy savings produced by each program is “priced out” using the appropriate non-fuel kWh energy rates and kW demand charges in effect for the respective customer classes. This calculation can be made both prospectively and on an actual basis, which, as discussed

later, is important in the establishment of the annual Rider factor and the truing-up of previous cost and recovery variations.

Tracker Accounting

The Company proposes to utilize a tracker account (“Tracker”) methodology for recording and recovering DSM costs. The costs to be recorded in the Tracker include the following items:

1. DSM program expenditures incurred in designing, promoting, implementing, and administering the twelve proposed programs;
2. Amounts equal to the electric margins lost as a result of the cumulative kWh and kW energy savings from by DSM programs since the previous rate case;
3. The net under (or over) recovery of costs from the previous calendar year; and
4. Carrying costs computed on the Tracker balance throughout the year.

See Attachment G for a monthly summary of the budgeted DSM program expenses for 2009. The 2009 estimated customer kWh savings are shown on Attachment H and the resulting lost margins are calculated in Attachment I utilizing the Company’s proposed rates in Case No. PU-07-776, which is pending before the Commission.

Finally, an estimate of the carrying charges for 2009 is shown on Attachment J. To compensate the utility for carrying an uncollected balance, customers would pay interest on the balance at the carrying charge rate. Conversely, if the utility over-recovers on a monthly basis, Xcel Energy would pay interest (at the carrying charge rate) on the balance. The proposed carrying charge would be calculated at a rate equal to the three-month Treasury Bill rate as published monthly by the Federal Reserve

Board, which is currently approximately 4%. The calculation is consistent with how the Cost of Gas rider is determined.

Each month, as revenues are collected from retail customers through the DSM Cost Recovery Rider, the Company would record the amount of recovery associated with program expenses as a credit to the Tracker. Carrying charges would be calculated on the cumulative balance each month.

DSM Cost Recovery Rider

Xcel Energy proposes a DSM tariff in this petition (Attachment K) that would establish, on an annual basis, a rate factor that would be applied to each customer's monthly billing kWh for electric service and shown on the bill as an "Energy Efficiency Adjustment" ("EEA").

A new EEA Factor for the upcoming budget year would be established and filed with the Commission by July 1. Basically, the EEA Factor would be derived by summing the budget year DSM program costs, estimated lost margins for the budget year, and the net over/under recovery (i.e., Tracker balance) from the most recent *historical* calendar year and dividing the total amount by the budgeted electric sales for the upcoming year. The EEA Factor would be applied to kWh usage on a separate line on bills and would be rounded to the nearest \$0.00001 per kWh (see Attachment L for the proposed EEA Factor calculation).

There would be only one EEA Factor calculated for all customer classes, and it would remain unchanged for the duration of each 12 month calendar year. In the Company's annual DSM filing to the Commission made July 1 of each year, a new EEA Factor would be proposed for the upcoming budget year, along with a summary of the prior year's overall DSM activity and results.

Recovery True-up

Over the long term, the proposed DSM recovery mechanism would match -- dollar-for-dollar – all of the costs associated with the programs. This is accomplished through the use of an annual “true-up,” whereby any over- or under- recovery of historical DSM costs (i.e., the Tracker balance) from the previous calendar year are rolled into the calculation of the EEA factor for the upcoming budget year. This ensures that, over the long term, customers pay only the actual costs of the programs, and that the Company neither benefits from nor is harmed by the implementation of DSM.

It should be noted that, in the EEA calculation shown on Attachment L of this original Application, there is no true-up component to the EEA Factor calculation given that there has been no previous cost or revenue activity. However, in subsequent years, the EEA calculation would include any remaining Tracker balance from the previously completed fiscal year.

Attachment M is a summary of the Tracker balance showing how the unrecovered (or over-recovered) costs from the prior actual year (i.e., the true-up portion), program expenditures, lost margin offset, carrying charges, and the offsetting EEA revenues are projected to occur during the plan year.

Typical Bill Impacts

Attachment N shows the estimated average monthly bill impact of the proposed EEA for the various rate classes (using data from the 2009 budget). The impact to a typical non-electric heating residential customer using 805 kWh of electricity per month will be approximately \$0.40 per month.

VI. ANNUAL REPORTING

Annual DSM Report

The Company proposes to file an annual DSM report with the Commission by July 1 of each year. In its report, the Company would disclose the following information:

- Summary of DSM activity for the most recently completed fiscal year, including:
 - Actual expenditures vs. budget expenditures
 - DSM participants and energy savings
 - EEA recoveries, carrying charges, and DSM tracker balance
 - Lost margins
- Proposed EEA for the upcoming year, based on:
 - DSM plan expenditure budget
 - Expected lost margins
 - End-of-year tracker balance from completed fiscal year
 - Forecasted electric sales

We propose a 6 month period for Commission review and approval of a proposed EEA (to be effective January 1 of the upcoming year). Commission adjustments, if any, would be incorporated into the DSM plan and resulting EEA for the upcoming year. For example, in July of 2009, the annual report would summarize whatever approved DSM activity occurred in 2008, and lay out the 2010 DSM Plan and corresponding EEA.

In addition, because at this time there is uncertainty surrounding customer responsiveness to energy conservation programs in North Dakota, the Company requests that the approved budget contain an upward range of an additional 25% so that the Company can respond to customer demand without delaying program

growth. For example, the 2009 proposed full year DSM program expenditure budget is \$1,087,948. Pre-approval of an additional 25% would allow us to spend up to an additional \$271,987 without obtaining separate Commission approval for incurring additional expenditures and recovering those costs through the EEA. The additional spending would only occur if customer demand warranted it and the overall DSM program remained cost-effective from the Total Resource Cost test perspective.

VII. CUSTOMER NOTICE

The Company plans to provide notice to customers regarding inclusion of this cost on their monthly electric bill. The following is proposed language to be included as a notice on the customers' bill the month the EEA Factor is initially implemented:

“The Energy Efficiency Adjustment Factor recovers the costs of energy conservation and peak load reduction programs implemented to provide customers with opportunities for cost savings.”

The Company will work with the Commission Staff to modify this notice if necessary.

VIII. MISCELLANEOUS INFORMATION

Xcel Energy provides the following contact information for this Application:

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IX. CONCLUSION

The Company respectfully requests that the Commission approve the proposed 2009 DSM Plan, accounting, cost recovery Rider, and annual reporting process described in this filing. If approved, the Company will implement the EEA on the first monthly billing cycle at least 60 days after the order is issued, and file its first annual status report no later than July 1st, 2009.

The proposed DSM Plan, tariff, and EEA supports our customers' desire and Company's objective to play a greater role in promoting energy efficiency and helping customers manage rising energy costs and protect the environment.

Xcel Energy looks forward to implementing these programs in North Dakota to complement its supply-side options for meeting electric demand in the state. The Company appreciates the interest and efforts of North Dakota policy makers in supporting this effort.

Dated: April 18, 2008

By: 

DAVID H. SEDERQUIST
Sr. Regulatory / Financial Consultant
Xcel Energy

Xcel Energy
Electric Utility - State of North Dakota
Demand Side Management Program Summary
2009 Budget

	<u>Participants</u>	<u>Budget</u>	<u>Generator kW Saved</u>	<u>Generator kWh Saved</u>	<u>TRC* Net Benefits</u>	<u>TRC* Ratio</u>
<u>Residential Programs</u>						
Home lighting	<u>6,000</u>	<u>\$100,000</u>	<u>58</u>	<u>515,460</u>	<u>\$40,027</u>	<u>1.33</u>
Energy Efficiency total	6,000	\$100,000	58	515,460	\$40,027	1.33
Saver's Switch	<u>488</u>	<u>\$144,400</u>	<u>586</u>	<u>6,832</u>	<u>\$642,043</u>	<u>5.45</u>
Load Management total	488	\$144,400	586	6,832	\$642,043	5.45
Home Energy Audits	400	\$167,650	-	-	-\$181,650	
Consumer Information	<u>71,000</u>	<u>\$48,000</u>	<u>-</u>	<u>-</u>	<u>-\$48,000</u>	
Customer Service total	71,400	\$215,650	-	-	-\$229,650	0.00
Total Residential	<u>77,888</u>	<u>\$460,050</u>	<u>644</u>	<u>522,292</u>	<u>\$452,420</u>	<u>1.91</u>
<u>Commercial Programs</u>						
Lighting Efficiency	32	\$182,337	296	1,411,537	\$546,587	2.08
Cooling Efficiency	10	\$111,524	120	209,363	\$186,382	1.88
Motor & Drive Efficiency	16	\$60,732	60	387,957	\$226,791	2.80
Custom Efficiency	1	\$8,755	25	125,000	\$224,287	5.32
Energy Design Assistance	<u>1</u>	<u>\$149,668</u>	<u>102</u>	<u>400,000</u>	<u>\$264,865</u>	<u>2.10</u>
Energy Efficiency total	60	\$513,016	603	2,533,857	\$1,448,912	2.08
Peak & Energy Control	10	\$15,000	1,500	167,000	\$931,703	63.11
Saver's Switch	<u>38</u>	<u>\$47,504</u>	<u>103</u>	<u>906</u>	<u>\$86,523</u>	<u>2.82</u>
Load Management total	48	\$62,504	1,603	167,906	\$1,018,226	17.29
Custom Analysis	<u>22</u>	<u>\$52,378</u>	<u>-</u>	<u>-</u>	<u>-\$52,378</u>	
Customer Service total	22	\$52,378	-	-	-\$52,378	0.00
Total Commercial	<u>130</u>	<u>\$627,898</u>	<u>2,206</u>	<u>2,701,763</u>	<u>\$2,414,760</u>	<u>2.93</u>
Grand Total	<u>78,018</u>	<u>\$1,087,948</u>	<u>2,850</u>	<u>3,224,055</u>	<u>\$2,867,180</u>	<u>2.64</u>

* Total Resource Cost

USING ELECTRICITY AT HOME

Energy-Saving Tips and Safety Information



Using Electricity at Home

QUICK LINKS

Introduction	3
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Clothes Washer/Dryer	10
A Quick Start to Online Resources	12

Dear Xcel Energy Customer:

We're glad to have you as one of our customers, and we want you to know that providing you with helpful information on saving energy and money is one of our primary goals. Using less energy helps you save money, conserve natural resources and reduce power plant emissions. Saving energy can be as simple as turning off a light when you leave a room or opening your windows on a cool night. You'll save even more when you invest in weatherizing your home or choosing energy-efficient appliances. It all adds up to savings on your monthly energy bill.

We'll all benefit from a more energy-efficient world and a cleaner environment, and this guide will get you started on saving energy today. Included are:

- A range of tips that will help you save energy around your home every day
- Information about online resources found at xcelenergy.com that will help you do a more thorough analysis of your home's energy efficiency
- A chart that helps you estimate the costs to operate common household appliances and compares them with the costs of operating energy efficient models

Keeping you and your family safe is also important to us. So we've included a number of tips throughout the guide to refresh your memory on how to stay safe around the energy we supply to your home.

And, finally, we've listed our company contact information in the back of the guide. Keep it handy so you can contact us in the case of an emergency. You can learn more about all our programs and services by calling us at 1-800-895-4999 or by visiting us online at xcelenergy.com.

Best regards,
The Employees of Xcel Energy





Saving money is top-of-mind for many of us. Here are some things you can do at home to save on your monthly energy bill.

HOW TO SAVE ENERGY AND MONEY

Cooling

Plant Trees For Shade

Deciduous trees—those that produce leaves in the spring and lose them in the fall—shade your house from the sun during warmer days and let the sun warm your house on cooler days. Shading your home could save up to 8 percent on cooling costs.

Open Windows On Cool Nights

On cool days and nights, turn off your air conditioner and open your windows. Don't open windows when the outside temperature is warmer than the inside of your house.

INDOORSAFETYTIPS

▶ Shop Only For Approved Electric Appliances

Look for the Underwriters Laboratories Inc.® (UL) seal on the electric appliances you consider for purchase. Remember to follow all manufacturers' directions to keep appliances in safe working condition.

Replace Worn Electric Cords ◀

Cords that are cracked and brittle qualify as worn. Those that run under rugs, in doorways or along walkways can wear out quickly and cause accidents.

SAFETY
TIPS

Change Your Air Conditioning Filter

Clean or replace your central air conditioner's filter monthly during the cooling season to improve the efficiency and extend the life of the unit.

Keep Air Conditioning Coils Dust-Free

Keep the coils of your central air conditioner and/or window air conditioner unit free of dust and dirt to increase efficiency and extend the life of the equipment.

Match The Output Of Your Air Conditioner To The Space You Cool

When you buy an air conditioner—central air or window unit—make sure the output of the system is right for the size of the room or the size of your house to ensure efficiency and comfort. Check the manufacturer's recommendations or consult with a reputable vendor in advance to ensure proper sizing.

Provide Shading For Your Air Conditioning Condenser

Your central air conditioner's condenser works more efficiently in a cooler environment. Provide shade around your air conditioner to reduce your cooling costs by nearly 3 percent.

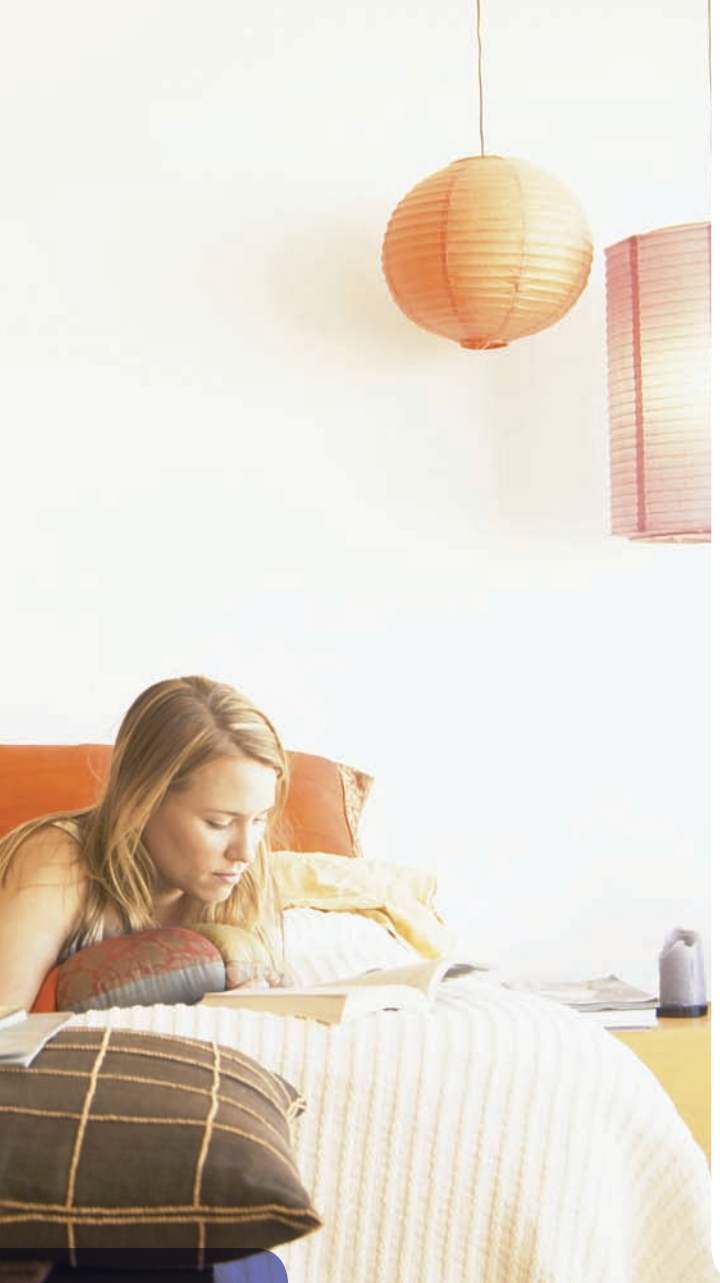
Use Ceiling Fans To Cool Your House

The most efficient ceiling fans cost as little as 30 cents a month if used eight hours a day. A window air conditioner can cost 50 times as much as a fan. Ceiling fans will keep the air moving and allow you to keep the thermostat setting higher because moving air feels cooler.

Consider A Whole House Or Attic Fan

Through your open windows, a whole house or attic fan draws in cool nighttime air and forces out hot air that builds up during the day.





Raise Your Thermostat Setting

You can save \$25 or more each month during the summer by raising your thermostat's temperature from 72 to 78 degrees.

Use A Programmable Thermostat

This device can save as much as 12 percent on cooling costs by automatically turning your cooling system up or down to coincide with your daily routine. For example, set your temperature to 85 degrees when you're away.

Lighting

Turn Off Lights When You Leave A Room

Every time you turn off lights when they're not needed, you're saving energy and money. Keeping one 75-watt bulb off for one hour a day can save \$2.15 a year.

Use Three-Way Bulbs To Increase Light And Reduce Energy

Three-way bulbs reduce energy use by providing the right amount of light where it's needed instead of over-lighting with a single high-wattage bulb.

Install Compact Fluorescent (CFL) Bulbs Where You Can

Over the life of one CFL bulb, you could save approximately \$40. Just a handful around the house and you could notice a difference in your energy bills. They cost a bit more, but you'll change them less often and they produce little or no heat.

Install Dimmers And Motion Sensors Where Possible

Dimmer switches can extend bulb life up to 20 times longer if dimmed to half the brightness. Motion sensors give you light when you need it.

Install Motion Detector Lights For Outdoor Lighting

Motion detectors put light where you want it for brief periods of time to provide safety and security for your property.

Run washing machines, dishwashers, and clothes dryers with full loads

Get in the habit of running full loads to maximize energy use.

Weatherizing

Seal Household Window Drafts

Older homes, in particular, can benefit during winter from covering windows with plastic film. Home improvement stores carry easy-to-install window-sealing kits. You'll block out drafts and could save more than \$40 on your energy bill in one heating season.

Control Air Leaks In Your Home

Plug gaps around pipes, ducts and vents that go through walls to prevent losing heated air and having cold air drawn in to replace it. Caulk or seal plumbing and wiring holes at ceiling level. Add weather-stripping to doors and windows for the most cost-efficient way to protect your home.

Install Window Coverings To Insulate Your Home

During winter days, open curtains, blinds and shades to heat your home with solar power. Close them at night to retain the heat. In summer, do the opposite: close curtains and shades during the day to retain cool air and reduce the burden on your air conditioner.

OUTDOOR SAFETY TIPS

▶ Never Trim Trees Tangled In Power Lines

Wood can conduct electricity if the tree is damp; even the sap can carry a current.

▶ Have A Professional Trim Trees Near Pole-To-House Power Lines

You should never attempt to trim trees around power lines yourself. Most of these lines are fully energized and extremely dangerous. You may hire a qualified professional tree trimmer to do this work in some areas. Call Xcel Energy at 1-800-895-4999 to request that your pole-to-house line (service wire/loop) be temporarily disconnected while your trees are professionally trimmed.

SAFETY
TIPS





Look For The ENERGY STAR® Label

When purchasing appliances, cooling equipment, lighting or home electronics, choosing energy-efficient products can save you money in the long run and help to preserve our natural resources. Visit www.energystar.gov for more information.

Refrigerator/Freezer

Cover Refrigerated Foods

Covered foods reduce power consumption by limiting moisture evaporation into the air. Moist air takes more energy to cool than dry air, forcing the compressor to work harder.

Clean Your Refrigerator Coils

Once a year, pull out your refrigerator and clean or dust the coils located on the back of the refrigerator. Clean coils help the compressor cool faster and run less frequently, which extends the life of your refrigerator and reduces energy use.

Buy The Smallest Freezer You'll Need

Because a freezer operates most efficiently when full, buy the smallest freezer you think you will need.

Set Your Refrigerator At The Right Temperature

Your refrigerator temperature should be set between 34 and 37 degrees and your freezer at 5 degrees. Not only are these the safest temperatures for food storage, but most refrigerators are manufactured to operate most efficiently at these settings.

Oven/Microwave

Defrost Food Before Cooking And Pre-Heat Only For Baking

Save 30 to 50 percent on cooking costs by defrosting your food before cooking. Your food will cook faster. Pre-heating is important for baking, but if you're reheating a casserole or cooking a roast, pre-heating isn't necessary.

Retain Oven Heat With A Good Door Seal

Gently clean the seal on your oven door with kitchen degreaser to ensure that it retains the maximum amount of heat when baking.

Keep The Oven Door Closed

Every time you open the oven door, the oven temperature can drop 25 degrees. Use the oven light or a timer to avoid wasting energy.

Use Lids And Turn Off Electric Burners Early

Use lids to trap steam and help food cook faster. If you're cooking with an electric range, you can turn off the burners a few minutes early because the burners retain heat.

Use Small Appliances

Use an electric skillet, broiler oven or toaster oven instead of your conventional oven for cooking and baking small quantities. These may use just half the energy.

Use Heat-Producing Appliances When It's Cooler

To keep your home cooler during summer, use heat-producing appliances at cooler times of the day, such as early morning and at night. On warm days, instead of using your range or oven, use your toaster oven, microwave and outdoor grill to keep your home cool and use less energy.





Dishwasher

Attachment B
Page 10 of 14

Scrape, Don't Rinse Your Dishes

Scrape your dishes instead of rinsing to save water and the energy needed to heat the water.

Run Your Dishwasher Only When It's Full

Get in the habit of running your dishwasher only when it's full to maximize energy use.

Air-Dry Your Dishes, Even In The Dishwasher

Air-dry the dishes or use the unit's energy-saving features. Avoid using the heat-dry, rinse-hold and pre-rinse features.

Choose A High-Efficiency Dishwasher

High-efficiency dishwashers, such as those with internal water heaters and load sensors, use 25 percent less energy than conventional models. You can save up to \$30 a year by replacing a 10 year-old dishwasher with a high-efficiency model.

OUTDOOR SAFETY TIPS

- ▶ **Teach Children Not To Climb Or Play Near Power Lines**
Instead, teach them to fly kites, planes and other aerial toys in open fields, far away from overhead power lines. They should never attempt to retrieve toys or pets from trees near power lines.
- ▶ **Look Up And Around Before Casting A Fishing Line**
Never cast fishing lines near overhead power lines, and do not attempt to retrieve lures that become entangled in them.
- ▶ **Keep Tall Work Equipment Away From Power Lines**
Have someone guide you when raising any tall object. Items such as ladders, pipes, scaffolds and antennas should be kept at least 10 feet from power lines.

SAFETY
TIPS

Clothes Washer/Dryer

Run Full Loads of Laundry And Shorten Wash Cycles

Run full loads of laundry to maximize energy and water use. In addition, most loads require only an eight- to 12-minute wash cycle. Use your custom load features to reduce wash time.

Wash Clothes In The Coolest Water Possible

About 80 percent of the cost to run your washer is used for heating the water. Except for all-white loads, there is little benefit to washing in hot water.

Dry Loads Back-to-Back

Since your dryer retains heat, dry several loads in a row. You can reduce the heat level on the last load or two. Dry your lightweight items together using a lower heat setting for less time.

Clean Your Dryer Filter And Exhaust Vent

Regularly clean out your dryer filter and exhaust vent. When they become clogged with lint, your dryer works harder and uses more energy.

OUTDOORSAFETYTIPS

▶ Use A Fire Extinguisher Made For Electrical Fires

If an appliance catches fire, unplug it or switch off the power at the circuit breaker. Then call 911 and report an electrical fire. After this, douse the appliance with a fire extinguisher rated "Class C" (for electrical fires). If the fire is still beyond your control, evacuate to a safe place and allow professional firefighters to control the blaze.

▶ Prepare Your Own Power Outage Kit

Occasionally, power can be knocked out. If it happens to you, make sure you have easy access to a flashlight, extra batteries, a battery-powered radio, a first aid kit, water, canned food and a manual can opener.

SAFETY
TIPS



Energy Savings Chart

Attachment B

Use the following chart to see how much energy is used and the costs to operate household appliances. These costs are estimates, and the actual costs to operate the appliances in your home may vary.

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APPLIANCE AND DISCRIPTION

Electric Water Heater

(household of four, 90 gal/day)

Refrigerator/Freezer

(25 cubic feet side-by-side w/ icemaker)

Refrigerator/Freezer

(20 cubic feet top/bottom)

Freezer

(14 cubic feet, frost-free)

Dishwasher

(home w/ electric water heater
average 18 washes/month)

Electric Range

(typical monthly usage)

Microwave

(@ 15 minutes/day)

Toaster

(@ five minutes/day)

Clothes Washer

(home w/ electric water heater,
average 33 washes/month)

Electric Clothes Dryer

(25 loads/month, one hour each)

Lighting – 20-watt compact fluorescent

(one month @ eight hours/day)

Model Type*	Monthly kWh	Monthly Usage Cost
Standard	488	\$38.07
Efficient	477	\$37.24
Standard	99	\$7.72
Efficient	54	\$4.41
Standard	76	\$5.95
Efficient	42	\$3.24
Standard	54	\$4.22
Efficient	49	\$3.82
Standard	48	\$3.75
Efficient	36	\$2.81
Standard	161	\$12.56
Standard	11	\$0.88
Standard	4	\$0.31
Standard	96	\$7.49
Efficient	51	\$3.98
Standard	106	\$8.27
Standard	5	\$0.39

Lighting – 75-watt incandescent
(one month @ eight hours/day)
Electric Space Heater
(hourly usage, 80-square-foot space)

Standard	18	\$1.40
Standard	2	\$0.12

*The chart above compares energy-efficient appliances to standard, non-energy efficient appliances. Purchasing high-efficiency appliances, often certified by ENERGY STAR®, can save you 30 percent or more on your energy costs. ENERGY STAR appliances meet the government's energy-efficiency rating.

A QUICK START TO ONLINE RESOURCES

Go to xcelenergy.com/infosmart to find:

Home Energy Analyzer –

Your source for personalized recommendations on how to save energy and money

Energy Calculators –

Tools to find out how much energy your appliances use and to help you choose energy-efficient appliances

ENERGYsmart University –

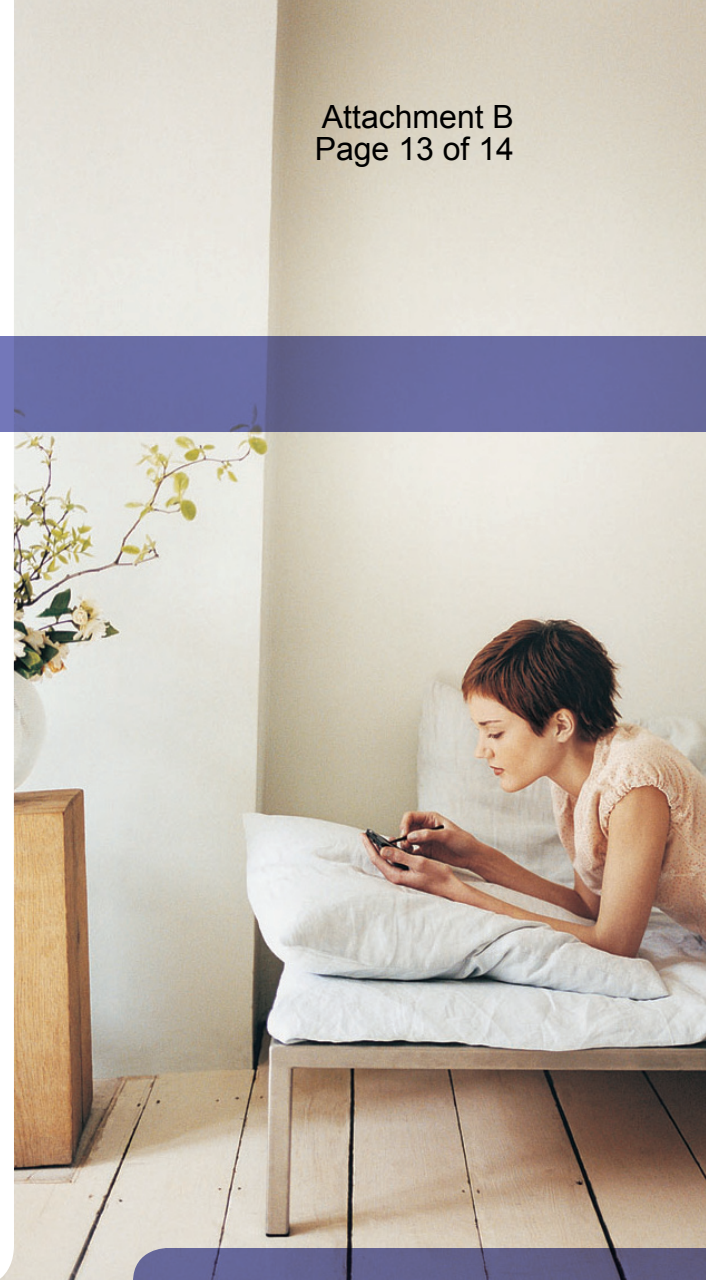
A virtual college campus that focuses on energy-related issues

ENERGYsmart Library –

A place to look up energy-related items

Put your home to the test. Take advantage of our online information to learn more about energy and how you can save on a daily basis. Visit xcelenergy.com today to get started.

For other energy savings information, visit xcelenergy.com/xeenergysmart.





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07-08-402km

Assumptions

The calculations in this guide assume that the price of electricity for consumers is \$0.078 per kilowatt-hour, excluding state taxes, municipal taxes and other local fees.

Energy savings are based on an average kilowatt-hour cost across Xcel Energy's service area.

Appliance information represents an array of household appliances, including ranges, ovens, microwave ovens and other small appliances. Individually, these appliances account for no more than 2 percent of typical household energy.



Xcel Energy
Electric Utility - State of North Dakota
Commercial Lighting Efficiency Rebates
2009 Budget

Equipment	Retrofit rebate (per unit)	New Construction rebate (per unit)
Fluorescent lamps with electronic ballasts		
T8	\$8.00 - \$16.00	na
Super T8	\$10.00 - \$18.00	\$1.75 - \$2.25
T5	\$10.00 - \$16.00	\$2.50
Reflectors	\$0.50/sq. ft.	na
Fluorescent low-wattage lamps		
T8 (28 watt or less)	\$0.75/lamp	\$0.75/lamp
Fluorescent high-efficiency ballasts		
T8	\$0.75/ballast	\$0.75/ballast
High-bay fluorescent fixtures with electronic ballasts		
T8 6 or 8 lamp	\$75.00	\$12.00
T5 HO 4 lamp	\$75.00	\$12.00
T5 HO 6 lamp	\$40.00	\$12.00
Hardwired & modular CFL fixtures	\$8.00 - \$24.00	\$3.00 - \$8.00
Industrial multi-CFL fixtures	\$25.00	na
High intensity discharge fixtures		
Hi-pressure sodium & metal halide	\$28.00 - \$45.00	na
Pulse start metal halide	\$25.00 - \$65.00	\$6.00 - \$18.00
Ceramic metal halide	\$20.00 - \$60.00	\$8.00 - \$20.00
Controls		
Occupancy sensors	\$12.00 - \$36.00	na
Photocells	\$12.00	na
Light emitting diodes (LED)		
Exit signs	\$6.00	na
Traffic signals	\$15.00 - \$65.00	na
Pedestrian signals	\$25.00 - \$40.00	na
Traffic arrows	\$25.00	na

Xcel Energy
Electric Utility - State of North Dakota
Commercial Cooling Efficiency Rebates
2009 Budget

Equipment	Energy Efficiency Rating (EER)	Integrated Part Load Value (IPLV)	Base Rebate (\$/ton)	Incremental Rebate (\$/ton)*
PTAC units	9.80		\$50.00	\$4.00
Water Source Heat Pumps	12.00		\$50.00	\$4.00
Rooftop units				
0 to 65,000 btu single phase	13.5 SEER		\$50.00	\$4.00
0 to 65,000 btu three phase	12.0 SEER		\$50.00	\$4.00
65,000 to 134,999 btu	11.00		\$50.00	\$4.00
135,000 to 239,999 btu	10.80		\$50.00	\$4.00
240,000 to 759,999 btu	9.80		\$50.00	\$4.00
760,000 btu or more	9.35		\$50.00	\$4.00
Economizer ¹			\$10.00	
Hotel Room Controller ²			\$100.00 / unit	
Split Systems				
65,000 to 134,999 btu	10.60		\$25.00	\$3.00
135,000 to 239,999 btu	9.90		\$25.00	\$3.00
240,000 to 759,999 btu	9.60		\$25.00	\$3.00
760,000 btu or more	9.30		\$25.00	\$3.00
Condensing units 135,000 or more ³	10.20		\$25.00	\$3.00
Air-cooled Chiller	10.00		\$8.00	\$2.00
Low Approach Cooling Tower ⁴				
Propeller Axial Fan	>38.1 gpm / hp		\$3.00 / tower ton	
Centrifugal Fan	>20.0 gpm / hp		\$3.00 / tower ton	
Water-cooled Centrifugal Chillers	ASHRAE 90.1 ⁵	ASHRAE 90.1 ⁶	\$2.00 / FLV 0.01 kW/ton below base	\$1.50 / IPLV 0.01 kW/ton below base
VAV Boxes			\$100.00 / box	

Xcel Energy
Electric Utility - State of North Dakota
Commercial Motor & Drive Efficiency Rebates
2009 Budget

Description	Horse-Power	Rebate
Plan A: New NEMA premium motor application	1 - 200 hp	\$4.00 / hp
Plan B: Motor upgraded to a NEMA premium motor	1 - 200 hp	\$16.50 / hp
Variable Frequency Drives	1 - 200 hp	\$30.00 / hp

NEMA Premium Motor Standards

Horsepower	Open Drip Proof			Totally Enclosed Fan-Cooled		
	1200 rpm	1800 rpm	3600 rpm	1200 rpm	1800 rpm	3600 rpm
1.0	82.5	85.5	77.0	82.5	85.5	77.0
1.5	86.5	86.5	84.0	87.5	86.5	84.0
2.0	87.5	86.5	85.5	88.5	86.5	85.5
3.0	88.5	89.5	85.5	89.5	89.5	86.5
5.0	89.5	89.5	86.5	89.5	89.5	88.5
7.5	90.2	91.0	88.5	91.0	91.7	89.5
10.0	91.7	91.7	89.5	91.0	91.7	90.2
15.0	91.7	93.0	90.2	91.7	92.4	91.0
20.0	92.4	93.0	91.0	91.7	93.0	91.0
25.0	93.0	93.6	91.7	93.0	93.6	91.7
30.0	93.6	94.1	91.7	93.0	93.6	91.7
40.0	94.1	94.1	92.4	94.1	94.1	92.4
50.0	94.1	94.5	93.0	94.1	94.5	93.0
60.0	94.5	95.0	93.6	94.5	95.0	93.6
75.0	94.5	95.0	93.6	94.5	95.4	93.6
100.0	95.0	95.4	93.6	95.0	95.4	94.1
125.0	95.0	95.4	94.1	95.0	95.4	95.0
150.0	95.4	95.8	94.1	95.8	95.8	95.0
200.0	95.4	95.8	95.0	95.8	96.2	95.4

Xcel Energy
 Electric Utility - State of North Dakota
 Lost Margins from Demand Side Management
 2009 Budget

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<u>Program Year</u>	<u>Lost Margin</u>	<u>Lost Margin</u>	<u>Lost Margin</u>	<u>Lost Margin</u>	<u>Lost Margin</u>	<u>Lost Margin</u>	<u>Lost Margin</u>	<u>Lost Margin</u>	<u>Lost Margin</u>	<u>Lost Margin</u>
Year 1	\$43,905	\$110,815	\$110,815	\$110,815	\$110,815	\$110,815	\$110,815	\$110,815	\$110,815	\$110,815
Year 2		\$43,905	\$110,815	\$110,815	\$110,815	\$110,815	\$110,815	\$110,815	\$110,815	\$110,815
Year 3			\$43,905	\$110,815	\$110,815	\$110,815	\$110,815	\$110,815	\$110,815	\$110,815
Year 4				\$43,905	\$110,815	\$110,815	\$110,815	\$110,815	\$110,815	\$110,815
Year 5					\$43,905	\$110,815	\$110,815	\$110,815	\$110,815	\$110,815
Year 6						\$43,905	\$110,815	\$110,815	\$110,815	\$110,815
Year 7							\$43,905	\$110,815	\$110,815	\$110,815
Year 8								\$43,905	\$110,815	\$110,815
Year 9									\$43,905	\$110,815
Year 10										<u>\$43,905</u>
Lost Margins	<u>\$43,905</u>	<u>\$154,720</u>	<u>\$265,535</u>	<u>\$376,350</u>	<u>\$487,165</u>	<u>\$597,980</u>	<u>\$708,795</u>	<u>\$819,610</u>	<u>\$930,425</u>	<u>\$1,041,240</u>

Note: Assumes DSM activity will remain constant each year (at 2009 budget levels), and there will be no electric rate filings.

Xcel Energy
Electric Utility - State of North Dakota
DSM Annual Report

Program Expenditures

2009 Budget

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Annual</u>
<u>Residential</u>													
Home Lighting	\$1,646	\$1,796	\$2,146	\$23,146	\$3,146	\$3,146	\$26,996	\$3,146	\$3,146	\$3,146	\$23,146	\$5,394	\$100,000
Home Energy Audits	\$32,762	\$55,962	\$19,362	\$2,892	\$2,892	\$2,892	\$2,893	\$2,893	\$2,893	\$8,973	\$13,873	\$19,363	\$167,650
Customer Information	\$1,500	\$6,000	\$10,250	\$200	\$1,700	\$150	\$150	\$150	\$5,250	\$11,650	\$500	\$10,500	\$48,000
Saver's Switch	<u>\$200</u>	<u>\$13,000</u>	<u>\$65,300</u>	<u>\$8,900</u>	<u>\$17,300</u>	<u>\$15,400</u>	<u>\$16,200</u>	<u>\$6,800</u>	<u>\$1,300</u>				<u>\$144,400</u>
Total residential	\$36,108	\$76,758	\$97,058	\$35,138	\$25,038	\$21,588	\$46,239	\$12,989	\$12,589	\$23,769	\$37,519	\$35,257	\$460,050
<u>Business</u>													
Cooling efficiency	\$4,672	\$3,015	\$6,601	\$5,271	\$5,346	\$6,855	\$6,855	\$10,211	\$8,758	\$13,187	\$22,587	\$18,163	\$111,521
Lighting efficiency	\$3,538	\$5,105	\$10,478	\$13,368	\$12,906	\$17,405	\$15,345	\$15,644	\$18,720	\$17,170	\$23,820	\$28,838	\$182,337
Motor efficiency	\$5,279	\$4,004	\$3,926	\$3,826	\$3,826	\$7,092	\$4,157	\$4,969	\$5,469	\$5,662	\$6,392	\$6,128	\$60,730
Energy design asst.	\$2,291	\$2,291	\$3,814	\$23,264	\$23,114	\$3,114	\$3,164	\$3,114	\$3,514	\$3,114	\$13,114	\$65,764	\$149,672
Energy analysis	\$9,600	\$8,300	\$7,550	\$4,500	\$2,400	\$2,050	\$855	\$1,005	\$5,200	\$3,200	\$3,853	\$3,865	\$52,378
Custom efficiency	\$240	\$865	\$665	\$665	\$690	\$690	\$790	\$890	\$790	\$790	\$790	\$890	\$8,755
Saver's Switch	\$100	\$2,347	\$23,892	\$4,721	\$4,931	\$4,122	\$4,804	\$1,321	\$1,216	\$0	\$50	\$0	\$47,504
Load control rates	<u>\$750</u>	<u>\$1,750</u>	<u>\$4,500</u>	<u>\$1,950</u>	<u>\$1,950</u>	<u>\$1,800</u>	<u>\$1,550</u>	<u>\$750</u>					<u>\$15,000</u>
Total business	\$26,470	\$27,677	\$61,426	\$57,565	\$55,163	\$43,128	\$37,520	\$37,904	\$43,667	\$43,123	\$70,606	\$123,648	\$627,897
Grand Total Budget	<u>\$62,578</u>	<u>\$104,435</u>	<u>\$158,484</u>	<u>\$92,703</u>	<u>\$80,201</u>	<u>\$64,716</u>	<u>\$83,759</u>	<u>\$50,893</u>	<u>\$56,256</u>	<u>\$66,892</u>	<u>\$108,125</u>	<u>\$158,905</u>	<u>\$1,087,947</u>

Xcel Energy
Electric Utility - State of North Dakota
DSM Annual Report

Cumulative DSM Lost Sales by Month

2009 Budget

Excludes Load Management kW and kWh impacts

Programs/End-Uses	Current Year		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
	Cust kW	Cust kWh													
Residential															
Home Lighting	312	463,914	Life: 7 Yrs												
Lost Sales -Cust kWh (1st Yr)			277	450	753	806	777	5,173	10,270	12,370	14,016	15,381	15,518	45,232	121,023
Residential - Total															
Cust kWh	<u>312</u>	<u>463,914</u>	<u>277</u>	<u>450</u>	<u>753</u>	<u>806</u>	<u>777</u>	<u>5,173</u>	<u>10,270</u>	<u>12,370</u>	<u>14,016</u>	<u>15,381</u>	<u>15,518</u>	<u>45,232</u>	<u>121,023</u>
C&I Non-Demand															
Cooling	86	95,260	Life: 16 Yrs												
Lost Sales -Cust kWh (1st Yr)			69	138	359	965	2,403	5,242	8,936	9,401	5,504	2,610	1,469	1,438	38,534
Custom Efficiency	13	56,875	Life: 16 Yrs												
Lost Sales -Cust kWh (1st Yr)			485	921	1,420	1,810	2,302	2,415	2,703	2,940	2,859	3,362	3,604	4,868	29,689
EDA	50	182,000	Life: 20 Yrs												
Lost Sales -Cust kWh (1st Yr)			607	1,144	1,736	2,596	3,881	5,103	6,585	7,631	7,132	8,788	11,091	14,760	71,054
Lighting	159	642,249	Life: 16 Yrs												
Lost Sales -Cust kWh (1st Yr)			3,247	6,206	9,480	12,291	16,303	19,059	22,408	27,460	28,951	36,414	44,474	55,233	281,527
Motors	41	176,520	Life: 12 Yrs												
Lost Sales -Cust kWh (1st Yr)			767	1,447	2,170	2,477	3,286	5,313	7,866	9,128	8,026	9,767	11,833	13,451	75,531
C&I non-Demand - Total															
Cust kWh	<u>349</u>	<u>1,152,905</u>	<u>5,174</u>	<u>9,856</u>	<u>15,165</u>	<u>20,138</u>	<u>28,175</u>	<u>37,131</u>	<u>48,498</u>	<u>56,561</u>	<u>52,473</u>	<u>60,942</u>	<u>72,472</u>	<u>89,751</u>	<u>496,335</u>
C&I Demand															
Cooling	86	95,260	Life: 16 Yrs												
Lost Sales -Cust kWh (1st Yr)			69	138	359	965	2,403	5,242	8,936	9,401	5,504	2,610	1,469	1,438	38,534
Lost Sales -Cust kW (1st Yr)			0.05	0.12	0.23	0.30	0.91	5.12	5.69	3.60	2.92	0.49	0.48	0.64	5.69
Custom Efficiency	13	56,875	Life: 16 Yrs												
Lost Sales -Cust kWh (1st Yr)			485	921	1,420	1,810	2,302	2,415	2,703	2,940	2,859	3,362	3,604	4,868	29,689
Lost Sales -Cust kW (1st Yr)			1.27	1.29	1.24	1.10	1.12	0.63	0.61	0.19	0.19	0.85	0.90	3.20	0.61
EDA	50	182,000	Life: 20 Yrs												
Lost Sales -Cust kWh (1st Yr)			607	1,144	1,736	2,596	3,881	5,103	6,585	7,631	7,132	8,788	11,091	14,760	71,054
Lost Sales -Cust kW (1st Yr)			1.60	1.64	1.57	2.59	2.75	2.70	2.72	2.45	2.28	4.36	7.37	8.87	2.72
Lighting	159	642,249	Life: 16 Yrs												
Lost Sales -Cust kWh (1st Yr)			3,247	6,206	9,480	12,291	16,303	19,059	22,408	27,460	28,951	36,414	44,474	55,233	281,527
Lost Sales -Cust kW (1st Yr)			10.26	10.49	10.12	11.36	11.35	9.18	8.82	11.24	10.95	14.54	30.63	32.41	8.82
Motors	41	176,520	Life: 12 Yrs												
Lost Sales -Cust kWh (1st Yr)			767	1,447	2,170	2,477	3,286	5,313	7,866	9,128	8,026	9,767	11,833	13,451	75,531
Lost Sales -Cust kW (1st Yr)			1.43	1.46	1.40	0.71	0.82	3.51	3.63	2.47	2.26	4.27	5.24	2.34	3.63
C&I Demand - Total															
Cust kWh	<u>349</u>	<u>1,152,905</u>	<u>5,174</u>	<u>9,856</u>	<u>15,165</u>	<u>20,138</u>	<u>28,175</u>	<u>37,131</u>	<u>48,498</u>	<u>56,561</u>	<u>52,473</u>	<u>60,942</u>	<u>72,472</u>	<u>89,751</u>	<u>496,335</u>
Cust kW			<u>14.62</u>	<u>14.99</u>	<u>14.56</u>	<u>16.06</u>	<u>16.95</u>	<u>21.14</u>	<u>21.48</u>	<u>19.95</u>	<u>18.60</u>	<u>24.50</u>	<u>44.63</u>	<u>47.46</u>	

Xcel Energy
Electric Utility - State of North Dakota
DSM Annual Report

Lost Margins from DSM

2009 Budget

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Annual</u>
<u>Monthly Energy Savings (seasonalized)</u>													
Residential (kWh)	277	450	753	806	777	5,173	10,270	12,370	14,016	15,381	15,518	45,232	121,023
Demand C&I	5,174	9,856	15,165	20,138	28,175	37,131	48,498	56,561	52,473	60,942	72,472	89,751	496,335
Non-demand C&I	<u>5,174</u>	<u>9,856</u>	<u>15,165</u>	<u>20,138</u>	<u>28,175</u>	<u>37,131</u>	<u>48,498</u>	<u>56,561</u>	<u>52,473</u>	<u>60,942</u>	<u>72,472</u>	<u>89,751</u>	<u>496,335</u>
Total kWh savings	10,626	20,163	31,082	41,082	57,126	79,436	107,266	125,492	118,961	137,264	160,462	224,734	1,113,693

Unit Margin*

Residential

Energy chg/kWh	4.3330¢	4.3330¢	4.3330¢	4.3330¢	4.3330¢	6.1000¢	6.1000¢	6.1000¢	6.1000¢	4.3330¢	4.3330¢	4.3330¢	
Variable cost/kWh	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	
Net margin/kWh	4.0330¢	4.0330¢	4.0330¢	4.0330¢	4.0330¢	5.8000¢	5.8000¢	5.8000¢	5.8000¢	4.0330¢	4.0330¢	4.0330¢	

Demand C&I

Energy chg/kWh	2.4000¢	2.4000¢	2.4000¢	2.4000¢	2.4000¢	2.4000¢	2.4000¢	2.4000¢	2.4000¢	2.4000¢	2.4000¢	2.4000¢	
Variable cost/kWh	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	
Net margin/kWh	2.1000¢	2.1000¢	2.1000¢	2.1000¢	2.1000¢	2.1000¢	2.1000¢	2.1000¢	2.1000¢	2.1000¢	2.1000¢	2.1000¢	
Demand charge	\$7.18	\$7.18	\$7.18	\$7.18	\$7.18	\$10.68	\$10.68	\$10.68	\$10.68	\$7.18	\$7.18	\$7.18	
Billed kW savings	15	15	15	16	17	21	21	20	19	25	45	47	

Non-demand C&I

Energy chg/kWh	4.8900¢	4.8900¢	4.8900¢	4.8900¢	4.8900¢	6.3400¢	6.3400¢	6.3400¢	6.3400¢	4.8900¢	4.8900¢	4.8900¢	
Variable cost/kWh	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	<u>0.3000¢</u>	
Net margin/kWh	4.5900¢	4.5900¢	4.5900¢	4.5900¢	4.5900¢	6.0400¢	6.0400¢	6.0400¢	6.0400¢	4.5900¢	4.5900¢	4.5900¢	

Lost Margins

Residential	\$11	\$18	\$30	\$33	\$31	\$300	\$596	\$717	\$813	\$620	\$626	\$1,824	\$5,620
C&I Demand	\$214	\$315	\$423	\$538	\$713	\$1,005	\$1,248	\$1,401	\$1,301	\$1,456	\$1,842	\$2,226	\$12,681
C&I Non-demand	<u>\$238</u>	<u>\$452</u>	<u>\$696</u>	<u>\$924</u>	<u>\$1,293</u>	<u>\$2,243</u>	<u>\$2,929</u>	<u>\$3,416</u>	<u>\$3,169</u>	<u>\$2,797</u>	<u>\$3,326</u>	<u>\$4,120</u>	<u>\$25,604</u>
Total lost margins	<u>\$462</u>	<u>\$785</u>	<u>\$1,149</u>	<u>\$1,495</u>	<u>\$2,038</u>	<u>\$3,548</u>	<u>\$4,773</u>	<u>\$5,535</u>	<u>\$5,283</u>	<u>\$4,873</u>	<u>\$5,795</u>	<u>\$8,169</u>	<u>\$43,906</u>

* All unit margins and demand rates based on proposed rates in North Dakota 2007 Electric Rate Case (Case No. PU-07-776), subject to final order.

Xcel Energy
Electric Utility - State of North Dakota
DSM Annual Report

Carrying Charges

2009 Budget

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Annual</u>
<u>Interest Rate*</u>													
2005	2.33%	2.54%	2.74%	2.78%	2.84%	2.97%	3.22%	3.44%	3.42%	3.71%	3.88%	3.89%	
2006	4.24%	4.43%	4.51%	4.60%	4.72%	4.79%	4.95%	4.96%	4.81%	4.92%	4.94%	4.85%	
2007	4.98%	5.03%	4.94%	4.87%	4.73%	4.61%	4.82%	4.20%	3.89%	3.90%	3.27%	3.00%	
Avg. 3 mo. T-bill	3.85%	4.00%	4.06%	4.08%	4.10%	4.12%	4.33%	4.20%	4.04%	4.18%	4.03%	3.91%	

Over/Under Recovery

Beginning balance	\$0	(\$41,624)	(\$31,490)	\$29,863	\$39,007	\$36,197	\$15,726	\$8,406	(\$33,658)	(\$55,696)	(\$72,865)	(\$54,615)	\$0
Program costs	\$62,578	\$104,435	\$158,484	\$92,703	\$80,201	\$64,716	\$83,759	\$50,893	\$56,256	\$66,892	\$108,125	\$158,905	\$1,087,947
Lost margins	\$462	\$785	\$1,149	\$1,495	\$2,038	\$3,548	\$4,773	\$5,535	\$5,283	\$4,873	\$5,795	\$8,169	\$43,906
Recoveries	<u>\$104,664</u>	<u>\$95,086</u>	<u>\$98,281</u>	<u>\$85,054</u>	<u>\$85,049</u>	<u>\$88,735</u>	<u>\$95,852</u>	<u>\$98,492</u>	<u>\$83,577</u>	<u>\$88,934</u>	<u>\$95,670</u>	<u>\$102,198</u>	<u>\$1,121,591</u>
Ending Balance	(\$41,624)	(\$31,490)	\$29,863	\$39,007	\$36,197	\$15,726	\$8,406	(\$33,658)	(\$55,696)	(\$72,865)	(\$54,615)	\$10,261	\$10,261

Interest Expense

Avg. rate x balance	(\$67)	(\$122)	(\$3)	\$117	\$128	\$89	\$44	(\$44)	(\$150)	(\$224)	(\$214)	(\$72)	(\$518)
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* Federal 3 month Treasury Bill

Legislative

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

NORTH DAKOTA ELECTRIC RATE BOOK - NDPSC NO. 2

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Date Filed:	10-26-07 <u>04-18-08</u>	By: David M. Sparby	Effective Date:	12-01-07
		President and CEO of Northern States Power Company, a Minnesota corporation		
Case No.	PJ-07-740		Order Date:	11-21-07

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

NORTH DAKOTA ELECTRIC RATE BOOK – NDPSC NO. 2

RATE SCHEDULES
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Northern States Power Company, a Minnesota corporation
Minneapolis, Minnesota 55401

NORTH DAKOTA ELECTRIC RATE BOOK - NDPSC NO. 2

**DEMAND SIDE MANAGEMENT
COST RECOVERY RIDER**

Section No. 5
Original Sheet No. 88

APPLICATION

Applicable to bills for electric service provided under the Company's retail rate schedules.

RIDER

There shall be included on each customer's monthly bill an Energy Efficiency Adjustment ("EEA") to recover the costs of promoting energy efficiency and offering Demand Side Management ("DSM") programs to the Company's electric customers in North Dakota. The EEA shall be determined by multiplying the EEA Factor by the customer's monthly billing kWh for electric service. The EEA shall be calculated before city surcharge and sales taxes are applied.

DETERMINATION OF THE ENERGY EFFICIENCY ADJUSTMENT FACTOR

The EEA Factor shall be determined by dividing the sum of forecasted DSM program expenses, estimated lost margins, and the outstanding balance of over- or under- recovered costs from the previous fiscal year by the forecasted retail sales for the program year. The EEA Factor that is applied to bills shall be rounded to the nearest \$0.00001 per kWh.

The EEA Factor for each rate schedule is:

All Classes	\$0.00050 per kWh
-------------	-------------------

The EEA Factor will be recalculated once annually, filed with the North Dakota Public Service Commission ("Commission"), and approved prior to becoming effective on January 1 of each program year. The EEA Factor is calculated as $EEA\ Factor = (a + b + c) / d$, with the inputs described below:

- a. Demand Side Management Program Expenditures shall be the annual forecasted expenditures associated with planning, designing, implementing, and administering the DSM programs approved by the Commission.
- b. The Lost Margins Offset shall equal the non-fuel revenues lost as a result of DSM-induced energy savings. The offset will equal the program year estimated kWh energy and kW peak savings multiplied by the Company's applicable non-fuel energy and demand rates plus all prior year Lost Margin Offsets calculated since the last rate case.
- c. The True-up Adjustment shall be the net over- or under-recovery of DSM costs from the most recent historical fiscal year.
- d. Forecasted retail sales shall be the forecasted total retail electric sales for the program year.

TRUE-UP

The cumulative difference between actual DSM costs and EEA revenues received from customers at the end of the previously completed fiscal year will be included in the calculation of the new EEA Factor for the upcoming program year.

(Continued on Sheet No. 5-89)

Date Filed: 04-18-08	By: David M. Sparby	Effective Date:
	President and CEO of Northern States Power Company, a Minnesota corporation	
Case No.		Order Date:

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

NORTH DAKOTA ELECTRIC RATE BOOK - NDPSC NO. 2

**DEMAND SIDE MANAGEMENT
COST RECOVERY RIDER (Continued)**

Section No. 5
Original Sheet No. 89

CARRYING CHARGES

The Company will calculate carrying charges on the monthly balance of DSM program expenses and recoveries using the average three month Treasury Bill rates for each month of the previous three years.

ANNUAL REPORTING

The Company will file, by July 1, of each year a report summarizing DSM activity, expenditures, and revenues collected from this Rider during the previous fiscal year. The report will also include forecasted DSM program participation and expenditures for the upcoming program year, including the EEA Factor that will apply to the program year.

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Date Filed: 04-18-08

By: David M. Sparby

Effective Date:

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

Case No.

Order Date:

Non-Legislative

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

NORTH DAKOTA ELECTRIC RATE BOOK - NDPSO NO. 2

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

NORTH DAKOTA ELECTRIC RATE BOOK – NDPSO NO. 2

RATE SCHEDULES
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Northern States Power Company, a Minnesota corporation
Minneapolis, Minnesota 55401

NORTH DAKOTA ELECTRIC RATE BOOK - NDPSC NO. 2

**DEMAND SIDE MANAGEMENT
COST RECOVERY RIDER**

Section No. 5
Original Sheet No. 88

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- d. Forecasted retail sales shall be the forecasted total retail electric sales for the program year.

TRUE-UP

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(Continued on Sheet No. 5-89)

Date Filed: 04-18-08	By: David M. Sparby	Effective Date:
	President and CEO of Northern States Power Company, a Minnesota corporation	
Case No.		Order Date:

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

NORTH DAKOTA ELECTRIC RATE BOOK - NDPSC NO. 2

**DEMAND SIDE MANAGEMENT
COST RECOVERY RIDER (Continued)**

Section No. 5
Original Sheet No. 89

CARRYING CHARGES

The Company will calculate carrying charges on the monthly balance of DSM program expenses and recoveries using the average three month Treasury Bill rates for each month of the previous three years.

ANNUAL REPORTING

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Date Filed: 04-18-08

By: David M. Sparby

Effective Date:

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

Case No.

Order Date:

Xcel Energy
Electric Utility - State of North Dakota
DSM Annual Report

Sales (MWh)

2009 Budget

<u>Class</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Annual</u>
Residential	85,637	74,082	71,292	55,218	51,266	56,621	65,660	64,895	51,100	56,667	70,055	84,198	786,691
Small C&I	92,482	85,780	92,526	84,301	86,790	89,075	91,793	97,229	85,158	88,296	88,606	88,753	1,070,788
Large C&I	28,615	28,029	30,361	28,577	29,970	29,924	32,307	32,716	28,780	30,631	30,337	28,905	359,152
Pub St & Hwy Light	1,602	1,370	1,348	1,065	990	885	909	1,006	1,164	1,357	1,484	1,638	14,819
Other Pub Auth	992	912	1,034	947	1,082	965	1,035	1,137	952	916	860	902	11,733
Total retail mWh sales	209,328	190,173	196,561	170,109	170,097	177,470	191,705	196,983	167,153	177,867	191,341	204,395	2,243,183

Proposed Energy Efficiency Adjustment

	<u>2009 Budget</u>
DSM program expense budget	\$1,087,947
Projected lost margins	\$43,906
BOY tracker balance	\$0
Total projected DSM costs	\$1,131,853
Annual retail sales budget (mWh)	2,243,183
EEA (¢ per kWh)	<u>\$0.00050</u>

Projected EEA Recovery

2009 Budget

<u>Class</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Annual</u>
Residential	\$42,819	\$37,041	\$35,646	\$27,609	\$25,633	\$28,310	\$32,830	\$32,448	\$25,550	\$28,333	\$35,027	\$42,099	\$393,345
Small C&I	\$46,241	\$42,890	\$46,263	\$42,150	\$43,395	\$44,538	\$45,897	\$48,614	\$42,579	\$44,148	\$44,303	\$44,376	\$535,394
Large C&I	\$14,307	\$14,014	\$15,181	\$14,289	\$14,985	\$14,962	\$16,154	\$16,358	\$14,390	\$15,315	\$15,168	\$14,452	\$179,576
Pub St & Hwy Light	\$801	\$685	\$674	\$533	\$495	\$442	\$455	\$503	\$582	\$679	\$742	\$819	\$7,410
Other Pub Auth	\$496	\$456	\$517	\$473	\$541	\$483	\$517	\$568	\$476	\$458	\$430	\$451	\$5,866
Total EEA revenues	\$104,664	\$95,086	\$98,281	\$85,054	\$85,049	\$88,735	\$95,852	\$98,492	\$83,577	\$88,934	\$95,670	\$102,198	\$1,121,591

Xcel Energy
Electric Utility - State of North Dakota
DSM Annual Report

Tracker Summary

2009 Budget

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Annual</u>
<u>DSM Costs</u>													
Prior Year under/over	\$0												\$0
Program expenses	\$62,578	\$104,435	\$158,484	\$92,703	\$80,201	\$64,716	\$83,759	\$50,893	\$56,256	\$66,892	\$108,125	\$158,905	\$1,087,947
Lost margins	\$462	\$785	\$1,149	\$1,495	\$2,038	\$3,548	\$4,773	\$5,535	\$5,283	\$4,873	\$5,795	\$8,169	\$43,906
Carrying charges	(\$67)	(\$122)	(\$3)	\$117	\$128	\$89	\$44	(\$44)	(\$150)	(\$224)	(\$214)	(\$72)	(\$518)
Total costs	\$62,974	\$105,098	\$159,631	\$94,315	\$82,367	\$68,353	\$88,575	\$56,383	\$61,388	\$71,541	\$113,706	\$167,002	\$1,131,335
<u>DSM Recovery</u>													
EEA* revenues	\$104,664	\$95,086	\$98,281	\$85,054	\$85,049	\$88,735	\$95,852	\$98,492	\$83,577	\$88,934	\$95,670	\$102,198	\$1,121,591
<u>Tracker Balance</u>													
Beginning balance	\$0	(\$41,690)	(\$31,679)	\$29,672	\$38,933	\$36,251	\$15,869	\$8,592	(\$33,516)	(\$55,704)	(\$73,096)	(\$55,061)	\$0
Total costs	\$62,974	\$105,098	\$159,631	\$94,315	\$82,367	\$68,353	\$88,575	\$56,383	\$61,388	\$71,541	\$113,706	\$167,002	\$1,131,335
EEA* revenues	\$104,664	\$95,086	\$98,281	\$85,054	\$85,049	\$88,735	\$95,852	\$98,492	\$83,577	\$88,934	\$95,670	\$102,198	\$1,121,591
Ending balance	(\$41,690)	(\$31,679)	\$29,672	\$38,933	\$36,251	\$15,869	\$8,592	(\$33,516)	(\$55,704)	(\$73,096)	(\$55,061)	\$9,743	\$9,743

* Energy Efficiency Adjustment

Xcel Energy
Electric Utility - State of North Dakota
Typical Bill Impact of Demand Side Management Rider
2009 Budget

<u>Customer</u>	<u>Avg. Monthly Usage (kWh)</u>	<u>Typical Bill</u>	<u>EEA Factor (per kWh)</u>	<u>Estimated Bill Impact</u>	<u>% of Bill</u>
Residential	805	\$63.31	\$0.00050	\$0.40	0.6%
Residential w/sp heating	1,133	\$81.21	\$0.00050	\$0.57	0.7%
Small Commercial	7,859	\$528.43	\$0.00050	\$3.93	0.7%
Large Commercial	1,469,147	\$79,403.80	\$0.00050	\$734.57	0.9%
Public Str & Hiway Lt	14,374	\$1,391.69	\$0.00050	\$7.19	0.5%
Other Sales Pub Auth	5,460	\$420.78	\$0.00050	\$2.73	0.6%

Note: Average monthly usage and typical bill reflects 2007 actual data.