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Xcel Energy

Docket No.: PU-12-813

SUPPLEMENTResponse To: North Dakota Public Service Commission
Data Request No. NDPSC-1-004

Requestor: Michael Diller & Sara Cardwell

Date Received: February 26, 2013

Question:

NDCC 49-05-04.1 1. C. states that a public utility selecting a future test year must file data for the twelve consecutive months immediately preceding the future test year and that period is the “current period” for the public utility. Please provide the Commission with the date this information will be available for 2012 and update all information within the filing using this data for the current period. Compare and contrast these results to the Company’s original proposal.

Response:

As has been customary in recent rate cases, the Company will file its annual jurisdictional financial report for 2012 on May 1, 2013. The report will be made part of the record in this rate case.

When we file our jurisdictional financial report, the Company will also provide a supplement to our filing which includes a “current period” jurisdictional Cost of Service Study for the 2012 year. This Study will be similar in format and content to Exhibit ___(AEH-1), Schedule 3.

The Company respectfully objects to the requests to “update all information within the filing” and “compare and contrast these results to the Company’s original proposal” as overly broad and unduly burdensome.

SUPPLEMENT:

Please see Attachment A for a jurisdictional Cost of Service Study reflecting 2012 weather normalized actual results.

Witness: Anne E. Heuer
 Preparer: Charles Burdick
 Title: Principal Rate Analyst
 Department: Revenue Requirements North
 Telephone: 612-330-6646
 Date: April 11, 2013

SUPPLEMENT: May 2, 2013

Northern States Power Company
Electric Utility – North Dakota

Case No. PU-12-813
EXHIBIT H

Case No. PU-12-813
Data Request No. NDPSC-1-004
Attachment A
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ROE = 8.92%
Deficiency = \$4,285
% Increase = 2.38%
Required ROE = 10.40%

Northern States Power Company (ND)
Electric Utility - North Dakota Retail Jurisdiction
Cost of Service Study
2012 Actual W/N

Summary Reports

May 2, 2013

Rate Base Summary

	Total Company Electric			ND Retail Electric			All Other		
	<u>Beginning Balance</u>	<u>Ending Balance</u>	<u>Average Balance</u>	<u>Beginning Balance</u>	<u>Ending Balance</u>	<u>Average Balance</u>	<u>Beginning Balance</u>	<u>Ending Balance</u>	<u>Average Balance</u>
1 Plant Investment	14,119,988	14,574,482	14,347,235	768,243	793,076	780,660	13,351,745	13,781,406	13,566,575
2 Depreciation Reserve	<u>(6,685,653)</u>	<u>(6,958,294)</u>	<u>(6,821,974)</u>	<u>(373,248)</u>	<u>(385,512)</u>	<u>(379,380)</u>	<u>(6,312,405)</u>	<u>(6,572,782)</u>	<u>(6,442,594)</u>
3 Net Utility Plant	7,434,335	7,616,188	7,525,261	394,995	407,564	401,280	7,039,340	7,208,624	7,123,981
4 C.W.I.P.	41,493	62,369	51,931	2,355	3,517	2,936	39,138	58,852	48,995
5 Accumulated Deferred Taxes	(1,582,831)	(1,768,599)	(1,675,715)	(73,790)	(85,855)	(79,822)	(1,509,041)	(1,682,744)	(1,595,893)
Other Rate Base:									
6 Cash Working Capital	0	0	0	0	0	0	0	0	0
7 Materials & Supplies	128,683	128,683	128,683	7,471	7,471	7,471	121,212	121,212	121,212
8 Fuel Inventory	90,424	90,424	90,424	5,634	5,634	5,634	84,790	84,790	84,790
9 Non-Plant Assets & Liab	(25,425)	(100,811)	(63,118)	(1,499)	(6,052)	(3,776)	(23,926)	(94,759)	(59,342)
10 Prepaids & Other	62,734	95,681	79,208	3,913	5,688	4,801	58,821	89,993	74,407
11 Total Rate Base	6,149,413	6,123,935	6,136,674	339,079	337,967	338,524	5,810,334	5,785,968	5,798,150

Northern States Power Company
Electric Utility – North Dakota

**Cost of Service Study
2012 Actual W/N**

(Dollars in Thousands)

Case No. PU-12-813

Case No. PU-12-813

Data Request No. NDPSC-1-004

Attachment A

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EXHIBIT H

Income Statement Summary

	<u>Total Company Electric</u>	<u>ND Retail Electric</u>	<u>All Other</u>	
<u>Operating Revenues</u>				
1	Retail	3,106,982	180,349	2,926,633
2	CIP Adjustment to Program Costs	0	-	0
3	Interdepartmental	532	-	532
4	Other Operating	673,326	39,949	633,377
5	Gross Earnings Tax	0	-	0
6	Total Operating Revenues	3,780,840	220,298	3,560,542
<u>Expenses</u>				
Operating Expenses:				
7	Fuel & Purchased Energy	1,242,746	77,805	1,164,941
8	Power Production	727,894	42,550	685,344
9	Transmission	210,577	12,309	198,268
10	Distribution	111,134	6,387	104,747
11	Customer Accounting	53,705	4,128	49,577
12	Customer Service & Information	103,566	370	103,196
13	Sales, Econ Dvlp & Other	68	2	66
14	Administrative & General	222,349	12,969	209,380
15	Total Operating Expenses	2,672,039	156,520	2,515,519
16	Depreciation	364,429	19,869	344,560
17	Amortization	19,892	531	19,361
Taxes:				
18	Property	151,204	6,690	144,514
19	Gross Earnings	0	-	0
20	Deferred Income Tax & ITC	149,497	10,044	139,453
21	State & Federal Income (see Page 3)	0	(0)	0
22	Payroll & Other	31,462	1,866	29,596
23	Total Taxes	332,163	18,600	313,563
24	Total Expenses	3,388,523	195,520	3,193,003
25	AFUDC	0	-	0
26	Total Operating Income	392,317	24,778	367,539

Income Tax Summary

	<u>Total Company Electric</u>	<u>ND Retail Electric</u>	<u>All Other</u>
<u>Income Before Taxes</u>			
1 Total Operating Revenues	3,780,840	220,298	3,560,542
2 less: Total Operating Expenses	(2,672,039)	(156,520)	(2,515,519)
3 Book Depreciation & Amortization	(384,321)	(20,400)	(363,921)
4 Taxes (Other Than Current Income)	(332,163)	(18,600)	(313,563)
5 Total Before Tax Book Income	392,317	24,778	367,539
<u>Tax Additions</u>			
6 Book Depreciation	364,429	19,869	344,560
7 Deferred Income Taxes & ITC	149,497	10,044	139,453
8 Nuclear Fuel Burn (ex D&D)	114,221	6,574	107,647
9 Nuclear Outage Accounting	54,528	3,468	51,060
10 Avoided Tax Interest	30,012	1,728	28,284
11 Open Line	0	0	0
12 Open Line	0	0	0
13 Open Line	0	0	0
14 Open Line	0	0	0
15 Open Line	0	0	0
16 Other Book Additions	0	0	0
17 Total Tax Additions	712,687	41,683	671,004
<u>Tax Deductions</u>			
18 Debt Interest Expense	160,167	8,835	151,332
19 Tax Depreciation & Removal	1,024,516	62,391	962,125
20 Manufacture Production Deduction	0	0	0
21 Open	0	0	0
22 Open	0	0	0
23 Open	0	0	0
24 Other Tax/Book Timing Differences	(79,679)	(4,765)	(74,914)
25 Net Preferred Stock Deduction	0	0	0
26 Total Tax Deductions	1,105,004	66,461	1,038,543
27 State Taxable Income	0	(0)	0
28 State Income Tax Rate	9.08%	5.15%	N/A
29 State Taxes before Credits	0	(0)	0
30 State Credits	0	0	0
31 Total State Income Taxes	0	(0)	0
32 Federal Taxable Income	0	(0)	0
33 Federal Income Tax Rate	35.00%	35.00%	35.00%
34 Federal Tax before Credits	0	(0)	0
35 Federal Tax Credits	0	0	0
36 Total Federal Income Taxes	0	(0)	0
37 Total Federal & State Income Taxes	0	(0)	0

Northern States Power Company
Electric Utility – North Dakota

Cost of Service Study**2012 Actual W/N**

(Dollars in Thousands)

Revenue Requirement & Return Summary

<u>Capital Structure</u>	<u>Rate</u>	<u>Ratio</u>	<u>Weighted Cost</u>	<u>Composite Income Tax Rates</u>	
1 Long Term Debt	5.7072%	45.3838%	2.5900%	State of North Dakota Tax rate	5.15%
2 Short Term Debt	0.9830%	1.8365%	0.0200%	Federal Statutory Tax rate	35.00%
3 Preferred Stock	0.0000%	0.0000%	0.0000%	Federal Effective Tax Rate (1-State Rate*Fed Rate)	33.20%
4 Common Equity	10.4000%	52.7797%	5.4900%	Total North Dakota Composite Tax Rate	38.35%
5 Required Rate of Return			8.1000%	Total Corporate Composite Tax Rate	40.90%

	<u>Total Company Electric</u>	<u>ND Retail Electric</u>	<u>All Other</u>
<u>Rate of Return (ROR)</u>			
6 Total Operating Income	392,317	24,778	367,539
7 Total Average Rate Base	<u>6,136,674</u>	<u>338,524</u>	<u>5,798,150</u>
8 ROR (Operating Income / Rate Base)	6.39%	7.32%	6.34%
<u>Return on Equity (ROE)</u>			
9 Total Operating Income	392,317	24,778	367,539
10 Debt Interest (Rate Base * Weighted Debt Cost)	(160,167)	(8,835)	(151,332)
11 Preferred Stock (Rate Base * Weighted Preferred Cost)	<u>0</u>	<u>0</u>	<u>0</u>
12 Earnings Available for Common	232,150	15,943	216,207
13 Equity Rate Base (Rate Base * Equity Ratio)	<u>3,238,918</u>	<u>178,672</u>	<u>3,060,246</u>
14 ROE (Earnings for Common / Equity Rate Base)	7.17%	8.92%	7.07%
<u>Revenue Deficiency</u>			
15 Require Operating Income (Rate Base * Required Return)	497,071	27,420	469,650
16 Operating Income	<u>392,317</u>	<u>24,778</u>	<u>367,539</u>
17 Operating Income Deficiency	104,753	2,642	102,111
18 Revenue Conversion Factor (1/(1-Composite Tax Rate))	<u>1.69207</u>	<u>1.62201</u>	<u>N/A</u>
19 Revenue Deficiency (Income Deficiency * Conversion Factor)	177,250	4,285	172,965
<u>Total Retail Revenue Requirements</u>			
20 Retail Related Revenues	3,107,514	180,349	2,927,165
21 Revenue Deficiency	<u>177,250</u>	<u>4,285</u>	<u>172,965</u>
22 Total Retail Revenue Requirements	3,284,764	184,634	3,100,130
23 <u>Percentage Increase (Decrease)</u>	5.70%	2.38%	5.91%

Rate Base Detail - Cash Working Capital

Expenses	Lead Days	Total Company Electric		ND Retail Electric		All Other	
		Dollars	Dollar x Days	Dollars	Dollar x Days	Dollars	Dollar x Days
Fuel Expenses							
1	Coal & Rail Transport	0.00	0	0	0	0	0
2	Gas for Generation	0.00	0	0	0	0	0
3	Oil	0.00	0	0	0	0	0
4	Nuclear & EOL	0.00	0	0	0	0	0
5	Nuclear Disposal	0.00	0	0	0	0	0
6							
Purchased Power							
7	Purchases	0.00	0	0	0	0	0
8	Interchange	0.00	0	0	0	0	0
Labor & Related Costs							
9	Regular Payroll	0.00	(10,255)	(9)	0	(10,246)	0
10	Incentive Compensation	0.00	(10,255)	(613)	0	(9,642)	0
11	Pension & Benefits	0.00	0	0	0	0	0
12	Subtotal Labor & Related		(20,510)	(622)	0	(19,888)	0
13							
14	All Other Operating Expenses	0.00	2,692,549	157,142	0	2,535,407	0
15	Property Tax	0.00	151,204	6,690	0	144,514	0
16	Employer's Payroll Taxes	0.00	31,462	1,866	0	29,596	0
17	Gross Earnings Tax	0.00	0	0	0	0	0
18	Federal Income Tax	0.00	0	(0)	0	0	0
19	State Income Tax	0.00	0	(0)	0	0	0
20	State Sales Tax Customer Billings	0.00	0	0	0	0	0
21	Total Expenses	0.00	2,854,705	165,076	0	2,689,629	0
22	Net Annual Expense Amount		0	0	0	0	0
Revenues							
23	Computer Billing	100.00%	3,106,982	180,349	0	2,926,633	0
24	Hand Billed	0.00%	0	0	0	0	0
25	Retail Revenue Adjustments	0.00	0	0	0	0	0
26	Interdepartmental	0.00	532	0	0	532	0
27	Late Payment	0.00	4,897	295	0	4,602	0
28	Connect and Trouble Charges	0.00	2,413	342	0	2,071	0
29	CIP Incentive	0.00	0	0	0	0	0
30	Rentals	0.00	4,211	266	0	3,945	0
31	Interchange Revenues	0.00	448,868	26,836	0	422,032	0
32	Sales for Resale	0.00	79,861	4,922	0	74,939	0
33	Production Associated Revenues	0.00	5,862	365	0	5,497	0
34	MISO	0.00	10,183	586	0	9,597	0
35	Point to Point Firm	0.00	63,568	3,659	0	59,909	0
36	Services & Facilities	0.00	8,760	500	0	8,260	0
37	Ancillary	0.00	37,963	2,185	0	35,778	0
38	Distribution Associated Revenues	0.00	142	0	0	142	0
39	Other	0.00	17,229	655	0	16,574	0
40	JOA - Rev fr/to PSC	0.00	(10,631)	(662)	0	(9,969)	0
41	(blank)	0.00	0	0	0	0	0
42	(blank)	0.00	0	0	0	0	0
43	(blank)	0.00	0	0	0	0	0
44	Total Revenues	0.00	3,780,840	220,298	0	3,560,542	0
45	Net Annual Amount		0	0	0	0	0
46	Expense / Revenue Factor		0.7550	0.7493			
47	Allocated Revenue Amount		0	0			
48	Net Cash Working Capital		0	0			0