



2302 Great Northern Drive  
PO Box 2747 Fargo, ND  
58108-2747 (701) 241-8632  
dave.sederquist@xcelenergy.com

October 13, 2014

Darrell Nitschke, Executive Secretary  
North Dakota Public Service Commission  
Department 408  
600 East Boulevard Avenue  
Bismarck, ND 58505-0480

RE: ELECTRIC RATE SETTLEMENT COMPLIANCE FILING  
INTERIM RATE REFUND – FINAL REPORT  
CASE NO. PU-12-813

Dear Mr. Nitschke:

Northern States Power Company, doing business as Xcel Energy, submits the attached Final Interim Rate Refund Report detailing the amounts returned to customers pursuant to the *Order Adopting Settlement*, dated February 26, 2014, issued by the North Dakota Public Service Commission in the case referenced above. The Order required the interim rate refund be completed 90 days from the date new rates go into effect, or by July 29, 2014. We report customer refunds were completed prior to the deadline and include the details of determining interim rate refund amounts as described below.

Our final rate compliance filing submitted March 10, 2014 (as later revised April 4, 2014), included a projected interim rate refund calculation showing the estimated total customer refund would be about \$3.6 million, including interest. The average residential customer refund associated with our filed estimate was anticipated at \$19.16. Using the final amount of actual total interim rate revenue, the amount of interim rate refunds processed for the February 16, 2013 through April 30, 2014 period was \$4,090,432, resulting in an average residential customer refund of approximately \$21.75. Attachment D shows the interim rate revenue collected and interim refund amounts by customer class.

As prescribed in the February 25, 2014 Revised Second Amended Settlement Agreement, the Company determined each customer's refund using consistent past practice by determining usage during the period interim rates were in effect (February

16, 2013 through April 30, 2014). The refund began with bills issued on July 8, 2014 and was completed by July 28, 2014. The refund/credit was listed on each bill as a separate line item labeled “*Elec Interim Refund*” and an accompanying bill message provided a brief explanation. Customers who were on our system for part of the interim rate period but are no longer an active account with Xcel Energy were sent a check if their refund amount (combined with any current credit balance) was at least \$2.00. There were 13,880 checks sent. Refund checks that are returned because customers cannot be located will be handled in accordance with North Dakota abandoned property laws and rules as prescribed in Century Code 47-30.1-08. This process was consistent with previous refunds issued by the Company in North Dakota.

On January 30, 2013, the Commission issued its order setting interim rates and authorizing an annual interim rate increase of \$14.704 million. The Commission authorized a final annual overall base rate increase of \$8.953 million for 2013 and \$18.321 million for 2014. The difference between the authorized interim revenue increase and the authorized final revenue increase along with associated interest and the PPA credit, was divided by the amount of the interim revenue increase to determine a “refund factor”, which was calculated to be 22.8101%, as shown on the Summary provided in Attachment A. For every customer assessed an interim rate charge, the refund was calculated by multiplying the customer’s actual interim rate charges during the interim rate period by the refund factor. Refunds of the applicable franchise fees and sales taxes are also included in the refund amount.

The Company has included interest, calculated at the average prime rate computed from the effective date of interim rates through the date of the refund or credit. The interest amount is calculated by applying the interest rate to the monthly principal balances. Finally, the customer interim refunds also include an approximate \$89,000 credit representing the North Dakota jurisdictional amount associated with an administrative item related to the St. Paul Co-Generation Power Purchase Agreement. The resulting required refund amount is \$4,088,193 for the interim rate period as shown on Attachment A.

Attachment B-C presents the details of actual interim rate revenue collected by month, application of the interim rate refund factor and demonstrates the calculation of interest.

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We completed customer refunds prior to the 90 day period allowed by the Commission and as shown on Attachment D, the total of actual refunds provided to customers was slight greater than the amount required by \$2,239.

Please contact me if there are any questions concerning this filing at 701-241-8632.

Sincerely,

A handwritten signature in blue ink that reads "David H. Sederquist". The signature is written in a cursive style with a large initial 'D'.

David H. Sederquist  
Sr. Regulatory and Financial Consultant

Enclosures

**Northern States Power Company**  
**Electric Utility - State of North Dakota**  
**Summary of Interim Refund - Final Report**

**Case No. PU-12-813**  
**Attachment A**

| <u>Interim Refund Factor Calculation</u>                   | <u>2013 TY</u>     | <u>2014 TY</u>      | <u>Total</u>       |                 |
|--|--------------------|---------------------|--------------------|-----------------|
| 1 Authorized Annual Interim Rate Increase                  | \$14,704,000       | \$14,704,000        |                    |                 |
| 2 <u>Approved Annual Base Rate Increase</u>                | <u>\$8,953,000</u> | <u>\$18,321,000</u> |                    |                 |
| 3 Annualized Excess Interim Recovery (line 1- line 2)      | \$5,751,000        | -\$3,617,000        |                    |                 |
| 4 % Refundable (line 3 / line 1)                           | 39.1118%           | -24.5987%           |                    |                 |
| 5 Actual Interim Revenue Increase Collected <sup>1</sup>   | \$12,996,299       | \$4,926,419         | \$17,922,718       |                 |
| 6 Interim Refund Excluding Interest (line 4 x line 5)      | \$5,083,086        | -\$1,211,835        | \$3,871,251        |                 |
| 7 <u>Interest on Interim Refund Balance (Attachment C)</u> | <u>\$136,615</u>   | <u>-\$8,641</u>     | <u>\$127,974</u>   |                 |
| 8 Interim Refund Including Interest (line 6 + line 7)      | \$5,219,702        | -\$1,220,476        | \$3,999,226        |                 |
| 9 <u>St Paul Co-Gen PPA Refund (Prorated By Months)</u>    | <u>\$61,593</u>    | <u>\$27,374</u>     | <u>\$88,967</u>    |                 |
| 10 Net Interim Refund Including Interest (line 8 + line 9) | <b>\$5,281,294</b> | <b>-\$1,193,101</b> | <b>\$4,088,193</b> |                 |
| 11 <b>Interim Refund Factor (line 10 / line 5 fees)</b>    | (before city       | <b>40.6369%</b>     | <b>-24.2184%</b>   | <b>22.8101%</b> |

**Est. Average Residential Customer Interim & DOE Settlement Refunds**

|  |                |
|--|----------------|
| 12 Interim Revenues for Residential Customers                                      | \$7,520,579    |
| 13 Average Residential Customers Feb. 2013 - May 2014                              | 78,881         |
| 14 Average Interim Revenues per Customer (line 12 / line 13)                       | \$95.34        |
| 15 Est. Average <b>Interim Refund</b> per Residential Customer (line 11 x line 14) | <b>\$21.75</b> |

<sup>1</sup> 2013 revenues collected for usage from Feb. 16, 2013 through Dec. 31, 2013. 2014 revenues collected for usage from Jan. 1, 2014 through Apr. 30, 2014. See Attachment B-C.

Northern States Power Company  
 Electric Utility - State of North Dakota  
 Interim Refund Interest Calculation - Final Report

Case No. PU-12-813  
 Attachments B-C

| Revenue Month                                    | Interim Revenue Collected | Refund % <sup>1</sup> | Current Mo Interim Rev Refund | Beginning Balance | Ending Balance | Average Balance | Days | Annual Interest <sup>2</sup> | Monthly Interest   |
|--|---------------------------|-----------------------|-------------------------------|-------------------|----------------|-----------------|------|------------------------------|--------------------|
| Feb-13 <sup>3</sup>                              | \$164,088.06              | 39.1118%              | \$64,178                      | \$0               | \$64,178       | \$32,089        | 13   | 3.25%                        | \$37               |
| Mar-13   | \$1,023,675.91            | 39.1118%              | \$400,378                     | \$64,215          | \$464,593      | \$264,404       | 31   | 3.25%                        | \$730              |
| Apr-13   | \$1,187,590.71            | 39.1118%              | \$464,488                     | \$465,323         | \$929,811      | \$697,567       | 30   | 3.25%                        | \$1,863            |
| May-13   | \$1,046,796.50            | 39.1118%              | \$409,421                     | \$931,674         | \$1,341,095    | \$1,136,385     | 30   | 3.25%                        | \$3,036            |
| Jun-13   | \$1,140,543.62            | 39.1118%              | \$446,087                     | \$1,344,131       | \$1,790,218    | \$1,567,174     | 30   | 3.25%                        | \$4,186            |
| Jul-13   | \$1,546,891.91            | 39.1118%              | \$605,017                     | \$1,794,404       | \$2,399,422    | \$2,096,913     | 31   | 3.25%                        | \$5,788            |
| Aug-13   | \$1,270,676.64            | 39.1118%              | \$496,985                     | \$2,405,210       | \$2,902,194    | \$2,653,702     | 31   | 3.25%                        | \$7,325            |
| Sep-13   | \$1,463,828.96            | 39.1118%              | \$572,530                     | \$2,909,519       | \$3,482,049    | \$3,195,784     | 30   | 3.25%                        | \$8,537            |
| Oct-13   | \$1,189,563.79            | 39.1118%              | \$465,260                     | \$3,490,586       | \$3,955,845    | \$3,723,215     | 31   | 3.25%                        | \$10,277           |
| Nov-13   | \$961,937.62              | 39.1118%              | \$376,231                     | \$3,966,122       | \$4,342,354    | \$4,154,238     | 30   | 3.25%                        | \$11,097           |
| Dec-13   | \$1,255,225.54            | 39.1118%              | \$490,941                     | \$4,353,451       | \$4,844,392    | \$4,598,921     | 31   | 3.25%                        | \$12,694           |
| Jan-14   | \$745,479.40              | 39.1118%              | \$291,570                     | \$4,857,086       | \$5,148,657    | \$5,002,871     | 31   | 3.25%                        | \$13,809           |
| Feb-14   | \$0.00                    | 39.1118%              | \$0                           | \$5,162,466       | \$5,162,466    | \$5,162,466     | 31   | 3.25%                        | \$14,250           |
| Mar-14   | \$0.00                    | 39.1118%              | \$0                           | \$5,176,716       | \$5,176,716    | \$5,176,716     | 31   | 3.25%                        | \$14,289           |
| Apr-14   | \$0.00                    | 39.1118%              | \$0                           | \$5,191,005       | \$5,191,005    | \$5,191,005     | 31   | 3.25%                        | \$14,329           |
| May-14   | \$0.00                    | 39.1118%              | \$0                           | \$5,205,333       | \$5,205,333    | \$5,205,333     | 31   | 3.25%                        | \$14,368           |
| TY 2013  | <b>\$12,996,298.66</b>    |                       | <b>\$5,083,086</b>            |                   |                |                 |      |                              | <b>\$136,615</b>   |
| Jan-14   | \$735,660.55              | -24.5987%             | (\$180,963)                   | \$0               | (\$180,963)    | (\$90,481)      | 31   | 3.25%                        | (\$250)            |
| Feb-14   | \$1,223,302.20            | -24.5987%             | (\$300,916)                   | (\$181,213)       | (\$482,129)    | (\$331,671)     | 28   | 3.25%                        | (\$827)            |
| Mar-14   | \$1,358,909.89            | -24.5987%             | (\$334,274)                   | (\$482,956)       | (\$817,230)    | (\$650,093)     | 31   | 3.25%                        | (\$1,794)          |
| Apr-14   | \$1,149,524.82            | -24.5987%             | (\$282,768)                   | (\$819,025)       | (\$1,101,793)  | (\$960,409)     | 30   | 3.25%                        | (\$2,565)          |
| May-14   | \$459,021.56              | -24.5987%             | (\$112,913)                   | (\$1,104,358)     | (\$1,217,272)  | (\$1,160,815)   | 31   | 3.25%                        | (\$3,204)          |
| TY 2014  | <b>\$4,926,419.02</b>     |                       | <b>(\$1,211,835)</b>          |                   |                |                 |      |                              | <b>(\$8,641)</b>   |
| Grand Total                                      | <b>\$17,922,717.68</b>    |                       | <b>\$3,871,251</b>            |                   |                |                 |      |                              | <b>\$127,974</b>   |
| Refund + Interest (Doesn't include cogen refund) |                           |                       |                               |                   |                |                 |      |                              | <b>\$3,999,226</b> |

1 Attachment A, Line 4

2 Prime interest rates are from Federal Reserve Statistical Release H15 - Bank Prime Loan - Monthly  
[http://www.federalreserve.gov/releases/h15/data/Monthly/H15\\_PRIME\\_NA.txt](http://www.federalreserve.gov/releases/h15/data/Monthly/H15_PRIME_NA.txt)

3 Interim rates effective for usage during February 16, 2013 through April 30, 2014. Amounts shown

**Northern States Power Company (MN)  
Electric Utility - State of North Dakota  
2013-2014 Interim Revenue and Refund - Final Report**

| <b><u>Customer Class</u></b>         | <b><u>Interim Rate<br/>Revenue</u></b> | <b><u>Interim<br/>Refund</u></b> |
|--------------------------------------|--|----------------------------------|
| Residential                          | \$7,520,579                            | \$1,714,823                      |
| Commercial & Industrial (Non-Demand) | \$1,185,081                            | \$262,038                        |
| Commercial & Industrial (Demand)     | \$9,048,264                            | \$2,065,018                      |
| <b><u>Outdoor Lighting</u></b>       | <b><u>\$168,793</u></b>                | <b><u>\$48,553</u></b>           |
| Total                                | \$17,922,718                           | \$4,090,432                      |
| Required Refund                      |  | <b><u>\$4,088,193</u></b>        |
| Amount Over-Refunded                 |  | \$2,239                          |