Energy Agenda, December 22, 2011
Xcel, 11-278
Revised Decision alternatives

2010 financial incentive

1. Approve the Company's proposed 2010 DSM financial incentive of $40,401,006. Allow Xcel to include the 2010 DSM financial incentive in its CIP tracker account as of December 31, 2011.

2. Request that the DOC re-examine the new shared savings financial incentive model to address potential unintended consequences including those described by the DOC in this docket. Encourage the DOC to file its report on the new incentive model within 30 days of the Order in this matter, including any suggestions for minor changes to the incentive for the 2012 CIP program year and significant changes for the 2013 CIP program year.

2010 CIP tracker account activity

3. Approve Xcel's 2010 CIP tracker account activity and year-end balance of $24,233,452, as summarized in DOC Table 1 (in DOC comments filed August 18, 2011, page 2).

Proposal to update CCRA as part of a compliance filing

4. Deny Xcel's proposal for an approved process to update its CCRA in compliance filings using actual rather than forecasted CCRA and CCRC revenues and carrying charges.

Measurement of energy savings for behavioral projects

5. Require Xcel to work with the DOC to implement a new method for counting the energy savings from behavioral programs that reflects the concerns raised by the DOC in the instant docket. These changes should be applied to the calculation of Xcel's 2012 DSM financial incentive. The DOC should report back to the Commission on the approach to be taken in the determination of Xcel's 2012 DSM financial incentive.

Customer bill message

6. Approve Xcel's proposed bill message with the modification that the October 1, 2011 effective date and CCRA factor listed in the bill message be updated in the compliance filing to reflect the Commission's determinations of the effective date and rate. If the method for allocating and recovering costs through the CCRA is changed by the Commission in this docket, Xcel should propose additional customer notice language as part of its compliance filing.

Request for change to tariff language

7. Approve Xcel's request for a tariff language change to its CIP Adjustment Factor tariff sheet (Sheet no. 5-92.1) as proposed by Xcel in its Petition to allow all customers to receive forecasted CIP adjustment data without signing a protective agreement with the Company.

CIP Program opt out for large customers, Minnesota Laws 2011

8. Effective January 1, 2012, require Xcel to begin separately tracking both the costs and the recovery of costs, related to CIP expenditures, tracker balances, DSM incentives and any other expenses or assessments recovered through the CCRC or the CCRA, in periods prior to January 1, 2012 and periods beginning on and after January 1, 2012, by customer. Direct Xcel in its CIP tracker, DSM incentive, and CCRA filing in 2012, to report on the pre-and post-January 1, 2012 costs and recovery of costs separately, including supporting schedules and narrative describing the methodology used, by customer. This pre- and post- information should also be tracked by customer for all pending and future CIP exemptions granted by the Commissioner of DOC.

9. Find that issues of interpretation of what "effective on January 1" means with respect to the recovery of costs incurred or attributable to periods prior to January 1 for newly-exempt CIP customers as contained in Minnesota Laws 2011, Chapter 97, Sections 8, 18, 19, 21 and 31, as well as other related issues, will be addressed *In the Matter of the Minnesota Public Utilities Commission's Implementation of Minnesota Laws 2011, Chapter 97, Sections 8, 18, 19, 21 and 31*, in Docket No. E, G-999/CI-11-1149.

10. Require Xcel to continue to recover CIP-related expenses for periods prior to January 1, 2012 from newly-exempt CIP customers until such time that the Commission has made a determination on the interpretation of Minnesota Laws 2011, Chapter 97, Sections 8, 18, 19, 21 and 31, as discussed above. Any CIP-related expenses recovered from the newly-exempt customers could be subject to true-up and refund at some future time.

11. Find that Xcel's Conservation Improvement Program Adjustment Rider tariff does not provide for exemption from conservation improvement program charges for Large Customer Facilities, as defined in 216B.241, subd. 1 (i) (2). Direct the Company to file, for Commission review and approval, revised tariffs governing the application of conservation improvement charges for Large Customers Facilities which may be exempted by the Commissioner of the DOC.

Conservation Cost Recovery Adjustment (CCRA) and Conservation Cost Recovery Charge (CCRC)

Per kWh method

12. Approve Xcel's continued use of the Per kWh method for the allocation and recovery of CIP costs for the CCRA. Approve a CCRA of $0.002648 per kWh for Xcel beginning as early as the first billing cycle in the next full month after Commission approval, conditioned on the Company submitting, within 10 days of the issue date of the Order in the present docket, a compliance filing with tariff sheets and necessary calculations that comply with the Commission's determinations in this matter.

13. Require Xcel in its next general rate case filing to include testimony supporting its use of its current method of CIP cost allocation in base rates and for the CCRC in tracker accounting.

Percent of Benefits and Percent of Bill methods

Change to the Percent of Benefits method for the CCRA

14. Require Xcel to use the Percent of Benefits method for the allocation of CIP costs for the CCRA. Approve Xcel's use of the following allocations to customer classes for the Company's 2011/2012 CCRA:

    • 31.2 percent to residential customers
    • 3.4 percent to small general service
    • 65.1 percent to demand billed customers
    • 0.3 percent to street lighting customers

(**Note**: Under this decision alternative the "rate" for the CCRA for each class of customer will be determined based on the percent allocations above, and approved by the DOC through a compliance filing process.)

Intra-class allocation under Percent of Benefits method

15. If the Commission adopts the Percent of Benefits method for Xcel, approve the DOC method for the allocation of CIP costs within classes. For customer classes that have a demand charge, the intra-class allocation should be determined by dividing all allocated demand costs by billable demand units and by dividing all allocated energy costs by billable energy units. For customer classes that do not have a demand charge, the intra-class allocation should be determined by dividing all allocated CIP cost by billable energy units.

Changing the allocation method for the CCRC

16. If the Commission adopts the use of the Percent of Benefits method for the CCRA for Xcel, approve the use of the DOC's Percent of Benefits method for the allocation of CIP costs in base rates through the Company's CCRC.

17. Take no action at this time to designate an alternative method to that currently used by Xcel for the determination of the CCRC in base rates.

Energy and demand allocation factors

18. If the Commission adopts the Percent of Benefits method for the CCRA and the CCRC for Xcel, require the use of the E8760 allocation factor to allocate CIP costs designated as energy costs for both the CCRA and CCRC. [Staff Note: If the Commission selects this decision alternative for OTP, Xcel and MP, it could leave IPL out. IPL could be directed to begin use of the E8760 allocation factor for allocating CIP costs designated as energy costs in its next rate case, or in the alternative, the Commission could decline to order IPL to use the E8760 allocation factor to allocate CIP costs designated as energy costs since it has no approved E8760 allocation factor at this time.]

19. If the Commission adopts the Percent of Benefits method for the CCRA and the CCRC for Xcel, require Xcel to include in its compliance filings a description of which demand allocator it will use to allocate demand-related costs under this cost allocation method, and why it selected this demand allocator to allocate CIP costs.

Cost allocation methods and changes to the DSM financial incentive

20. If the Commission allows all utilities that currently use the Per kWh method for the CCRA and/or CCRC to continue using this method, but it requires OTP to move to the Per kWh method for its CCRA, require all utilities in the determination of their DSM financial incentives to remove the net benefits associated with capacity savings from CIP programs.

21. If the Commission decides to allow all utilities that currently use the Per kWh method for the CCRA and/or CCRC to continue using this method, but it requires OTP to use the Per kWh method for its CCRA, require all utilities to use the E8760 allocation factor to allocate CIP costs for both the CCRC and CCRA.

Compliance filings

22. Require Xcel to file within 60 days of the issue date of the Order in the present docket, a compliance filing with all compliance information required above, including tariff sheets and necessary calculations that comply with the Commission's determinations in this matter.