

Energy Agenda, December 22, 2011

IPL, 11-244

Revised decision alternatives

DSM financial incentive

1. Approve IPL's proposed 2010 DSM financial incentive of \$20,933. **Allow IPL 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 any significant changes for the 2013 CIP program year.

CIP tracker account activity for 2010

3. Approve IPL's 2010 CIP tracker account activity and year-end balance as summarized in Table 1 of the Department's August 18, 2011 comments, page 5.

Measurement of energy savings for behavioral projects

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

CIP Program opt out for large customers, Minnesota Laws 2011

5. Effective January 1, 2012, require IPL 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 IPL 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.
6. 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.

7. Require IPL 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.
8. Find that IPL's Conservation Improvement Program Cost Recovery Adjustment Rider (Vol. 8, Sheet No. 41, Rider 1C) 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. These can be filed separately from the other compliance tariff filings required by the Commission in this docket.

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

Per kWh method

9. Approve IPL's continued use of the Per kWh method for the allocation and recovery of CIP costs for the CCRA. Approve a CCRA of (\$0.00059) per kWh for IPL 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.

Percent of Benefits and Percent of Bill methods

Change to the Percent of Benefits method for the CCRA

10. Require IPL to use the Percent of Benefits method for the allocation of CIP costs for the CCRA. Approve IPL's use of the following allocations to customer classes for the Company's 2011/2012 CCRA:
 - 45 percent to residential customers
 - 20 percent to commercial customers
 - 33 percent to industrial customers
 - 2 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 method

11. If the Commission adopts the Percent of Benefits method for IPL, 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 costs by billable energy units.
12. Regardless of the allocation method(s) adopted by the Commission, require all utilities to recover CIP costs through an energy usage (per kWh) charge for all classes of customers.

Changing the allocation method for the CCRC

13. 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.
14. Take no action at this time to designate an alternative method to that currently used by IPL for the determination of the CCRC in base rates.

Energy and demand allocation factors

15. Take no action at this time to require IPL to use the E8760 allocation factor to allocate CIP costs that have been designated as energy costs for either the CCRA or CCRC since the Company does not have an approved E8760 allocation factor.
16. Require IPL to use the E8760 allocation factor to allocate CIP costs that have been designated as energy costs for both its CCRA and CCRC once this allocator has been established in IPL’s next rate case.
17. If the Commission adopts the Percent of Benefits method for the CCRA and the CCRC for IPL, require the Company 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

18. 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 IPL 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.

Use of the E8760 allocator

19. 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, require all utilities except IPL to use the E8760 allocation factor to allocate CIP costs for both the CCRC and CCRA.

Compliance filings

20. Require IPL 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.