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Xcel Energy			
Case No.:	EL13-006		
Response To:	South Dakota Public Utilities Commission	Data Request No.	1-4
Requestor:	Karen Cremer		
Date Received:	May 16, 2013		

Question:

For the projects previously approved for recovery in Docket EL12-035, explain the increases/decreases to 2011-2012 project costs, comparing the projected costs for 2011-2012 in Docket EL12-035 to the 2011-2012 costs in this docket. Provide a similar explanation for the 2011 and 2012 Schedule 26 Expenses and Revenues.

Response:

CAPX2020 – Brookings
We have reduced the forecasted total cost of the CAPX2020 – Brookings project by 10%. We have been able to take advantage of market changes that have reduced commodity prices for materials and the new forecasted total project cost reflects those price changes. In addition, we have increased construction labor efficiencies as the project has proceeded and have accordingly reduced our total expected labor costs. These changes are outlined in our initial Petition in Attachment 3-Expenditures.

CAPX2020 – Bemidji
We have reduced the forecasted cost of the CAPX2020 – Bemidji project by approximately 2% from the forecast provided in Docket No. EL12-035. We had inadvertently double-counted project pre-development costs, and this error has now been corrected. This change is detailed in our initial Petition in Attachment 3-Expenditures.

CAPX2020 – Fargo
The forecasted total project cost of the CAPX2020 – Fargo project has increased by approximately 8% since the forecast provided in Docket No. EL12-035. As this project has proceeded, we reviewed all of the associated costs and determined some costs for work connected to the CAPX2020 – Fargo project and required in order for the Fargo project to be completed as permitted were not previously included for recovery in the TCR rider. For example, we are rebuilding parts of the Sherburne

County 345kV substation, Sauk River Substation, Monticello 345kV substation, Quarry Substation and Jamestown substation to support and complete the Fargo project. Accordingly, these project costs should be included for recovery with the Fargo line. However, prior to the 2013 TCR filing, we had not included all such required, associated and connected projects, and so the total project costs are greater in Docket No. EL13-006. These changes are further detailed in our initial Petition in Attachment 3-Expenditures.

CAPX2020 – La Crosse Local
CAPX2020 – La Crosse MISO
CAPX2020 – La Crosse WI

For construction planning purposes, the CAPX2020 – La Crosse projects (Local, MISO and WI) are treated as a combined group. The cost forecast provided in Docket No. EL12-035 did not separately provide the CAPX2020 - La Crosse WI, but instead allocated the costs between the CAPX2020 – La Crosse Local and the CAPX2020 – La Crosse MISO projects. For the 2013 filing, the data was regrouped from two projects into three and given more descriptive names to make it clearer which input assumptions are being used for which portion of this large project. We have decreased the forecasted cost of the CAPX2020 – La Crosse project group by 3% since it was provided in Docket No. EL12-035. This cost variation for the project group is due to both the Minnesota and Wisconsin final orders issued on May 30, 2012. The project team was then able to reassess the scope of work for the project and reduce the overall estimated cost because of the elimination of project risk which was clarified through the state routing permit processes.

Pleasant Valley – Byron

The forecasted cost of the Pleasant Valley - Byron project decreased by approximately $126,000 (less than 3%) from the forecast provided in Docket No. EL12-035. This decrease is primarily the result of a credit for unused materials. During the Company's closeout process, we identified an invoice error from our pole vendor of approximately $107,000. The Company was inadvertently charged for two 85' H-frame structures (4 poles in total) in 2011. During the financial closeout process in September 2012 the error was identified and the associated credit was posted to the project detailed job cost ledger. The change is further detailed in our initial Petition in Attachment 3-Expenditures.

Glencoe – Waconia
Bluff Creek – Westgate

For construction planning purposes, the Glencoe – Waconia project and the Bluff Creek – Westgate project are treated as a combined group, Southwest Twin Cities (SWTC). The total project cost estimate provided in Docket No. EL12-035 for Glencoe – Waconia did not include all of the project's cost because $7.4 million was mistakenly designated to the Bluff Creek – Westgate project, which is the second phase of the greater SWTC project group and was not eligible for TCR rider recovery in Docket No. EL12-035. Bluff Creek – Westgate is a new project included in Docket No. EL13-006. The total project cost estimate for the Glencoe – Waconia project now includes the total combined project amount. These changes are shown in our initial Petition in Attachment 3-Expenditures.

Sioux Falls Northern
In our initial petition, we decreased our cost forecast for the Sioux Falls Northern project by approximately 17 percent from the prior filing. However, the decrease was the result of an error in preparing the filing. The Sioux Falls Northern project costs are currently forecasted to exceed $29 million, which is in line with our cost estimate provided in Docket No. EL12-035. We apologize for this error. The comparison between the projected costs in this docket and Docket No. EL12-035 is provided in our initial Petition in Attachment 3-Expenditures.

Grove Lake – Glenwood
We decreased the forecasted cost of the Grove Lake – Glenwood project by 1% from the forecast provided in Docket No. EL12-035. The decrease is result of a credit issued for an unused conductor. For this project, conductor reel lengths were engineered and manufactured so that the maximum lengths of conductor on non-standard 17,000 foot reels could be matched to specific segments of construction. The result of this practice was that more than 9,000 feet of additional conductor did not need to be purchased as it would have had we used standard 10,000 foot conductor reels. The resulting minimal credit was for unutilized conductor remaining on the reels after construction. (The conductor vendor is required to issue a credit back to the Company for the return of undamaged wooden reels and unutilized short lengths of conductor remaining on reels that can be utilized by other projects when appropriate). A comparison of the two estimates is provided in our initial Petition in Attachment 3-Expenditures.

Sauk Center – Osakis
The Sauk Center – Osakis project cost forecast increased approximately 20% since our forecast provided in Docket No. EL12-035. During construction, multiple conflicting construction projects were scheduled in this same project area. Because of these conflicting projects and the associated construction outages required in order to construct them, the Sauk Center – Osakis project required additional mobilization and demobilization of equipment. Additionally, the total duration of the construction schedule was compressed and the project experienced labor cost increases that had not been anticipated when the project was forecasted in Docket No. EL12-035. The project cost increase is primarily the result of these increased mobilization and demobilization and labor costs. A comparison of the two forecasts is provided in our initial Petition in Attachment 3-Expenditures.

Hollydale

The forecasted cost of the Hollydale project has increased by 36% (approximately $5 million) from the forecasted project cost provided in Docket No. EL12-035. This cost variance is due to Certificate of Need (CON) related legal and permitting expenses resulting from statutory changes regarding siting transmission lines. At the time of the original Hollydale project filing with state regulatory agencies, only a Route Permit was required, and not a CON. The Company has estimated the cost for its preferred route option which is what was reflected in Docket No. EL12-035, and subsequently increased to meet the new regulatory requirements. Currently, due to the statutory changes regarding siting of transmission lines, there are 36 route alternates that are under consideration by the Minnesota Public Utilities Commission. Due to the urbanized nature of the construction area and the prolonged permitting activities, the total cost estimate could potentially increase further. These changes in project cost estimates will be reflected in the Company's next TCR filing.

Meadow Lake

The forecasted cost of the Meadow Lake project decreased approximately 2.4% from our forecast provided in Docket No. EL12-035. The Company was able to obtain a lower purchase price for the substation land and this is reflected in the lower projected cost in this docket. This change is reflected in our initial Petition in Attachment 3-Expenditures.

Chisago – Apple River

The forecasted cost of the Chisago – Apple River project shows a slight decrease of approximately .04% from our forecast provided in Docket No. EL12-035. This cost deviation was due to a credit made for unused materials that were purchased and returned to stock, the majority of materials returned being classified as general ancillary parts required for construction.

Other Projects

The following projects, for which we are seeking recovery in Docket No. EL13-006, were not included in our filing in Docket No. EL12-035: Chaska – Hwy 212 Conversion, Minn Valley, Maple River – Red River, Big Stone – Brookings, Lake Marion – Burnsville, Maple Lake – Annandale, and Wilmarth – Carver County.

Schedule 26 Expenses and Revenues

Attachment A shows the deviation between 2012 RECB revenues and expenses included in Docket Nos. EL13-006 and EL12-035. The 2012 RECB revenues and expenses shown for EL13-006 include the corrections detailed in the response to Data Request No. SDPUC-1-05. The variance between the two dockets for 2012 RECB revenue is a net decrease in 2012 RECB revenue of $96,000 and for 2012 RECB expense is a net decrease in 2012 RECB expense of $756,000. The Schedule 26 revenue and expense included in EL13-006 is based on the actuals booked to the general ledger for 2012. The Schedule 26 revenue and expense included in EL12-035 was based on only two months of actuals for January and February of 2012 and forecast for the remainder of 2012.

The difference between forecast and actuals is due to several things. Actual RECB revenue received from MISO is driven by system usage (Company and non-Company) and also includes true-ups from past periods. MISO does not provide detail of Schedule 26 revenue or expense so we are not able to identify specific projects that would be different between forecast and actuals.

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