

**STATE OF SOUTH DAKOTA
BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE PETITION OF
NORTHERN STATES POWER COMPANY
FOR APPROVAL OF A ONE-TIME
CANCELLATION CHARGE WAIVER OF THE
COMPANY TARIFF REQUIREMENTS FOR
PEAK CONTROLLED AND ENERGY
CONTROLLED SERVICES

DOCKET NO. EL15-014

COMPLIANCE FILING

INTRODUCTION

On April 16, 2015 Northern States Power Company, doing business as Xcel Energy, requested a limited waiver of certain cancellation charges associated with our Peak Controlled Service and Energy Controlled Service Tariffs, Rules and Agreements. The intent was for customers to take the opportunity to review their current operations and make decisions about continued program participation or contracted load adjustments, as needed. The desired end result of the waiver was increased accuracy in the available amount of demand response resources the Company registered in the Midcontinent Independent System Operator (MISO) market. In its August 13, 2015 Order, the Commission granted the waiver of certain cancellation charges through December 31, 2015, directing a compliance filing be made before January 31, 2016 reporting on the changes customers elected to make.

In compliance with the Commission's Order, we provide the following information:

- 1) the number of customers that changed from an interruptible rate to a firm General Service rate,
- 2) the expected change in revenues as a result of customers changing to firm General Service rates from interruptible rates,
- 3) the number of customers that adjusted their predetermined demand level (PDL),
- 4) the amount of load, by customer, that changed as a result of adjusting the PDL, and
- 5) a summary of additional associated short-term peak capacity costs incurred to Xcel (Energy) customers as a result of PCS, PCS TOD, or ECS customers adjusting their PDL or switching to firm General Service rates.

COMPLIANCE

We began offering a one-time waiver of certain cancellation charges to Peak Controlled Services, Peak Controlled Time of Day Service, and Energy Controlled Service customers in early August continuing through December 31, 2015. The intent of the waiver was to “right size” the program in anticipation of future increased use of demand response resources by MISO. Table 1 shows the South Dakota participants involved in these programs prior to the waiver option.

**Table 1. South Dakota Electric Customers
Peak Controlled and Energy Controlled Services**

Peak Controlled Service Tariff	Average Participants	MW Load
Peak Controlled Services (PCS)	76	8
Peak Controlled TOD Services (PCS-TOD)	7	9
Energy Controlled Services (ECS)	21	7
Total	104	24

Through a series of customer meetings, direct mail, emails and one-on-one discussions, the Company provided information to customers regarding their contractual obligations to the program and the option to adjust without a cancellation charge during the length of this waiver period. Attachment A provides an example of the mass communications sent to all participating customers. In addition to communications, we conducted a summer test event in South Dakota controlling for one hour to confirm customers are able to deliver forecasted load reductions when called upon.

I. Waiver Impact

No customers changed their rate from Peak Control Services to firm General Service. However, four customers cancelled their Energy Controlled Service rate and shifted their load to the Peak Controlled TOD service rate. While these customers continued to be interested in participating in these programs, choosing the Peak Controlled TOD service obligates availability for load control over a fewer number of hours than the Energy Controlled Service (80 hours vs. 300 hours).

Table 2, provides the number of customers and controllable load loss resulting from customer adjustments to their current interruptible rate based on the one-time waiver. As noted in the table, there were no current customers on the Peak Controlled Time-of-Use rate that modified their PDL or cancelled their contract.

Table 2. Customer and Load Results

				Average Monthly Capacity Change		
				(MW)		
Customer	Existing Program	Cancelled /Changed Rate	Adjusted PDL	Peak Control Services	Peak Control Services - TOD	Energy Controlled Services
1	Peak Controlled Services		x	(0.075)		
2	Energy Controlled Services	x			0.243	(0.243)
3	Energy Controlled Services	x			0.265	(0.265)
4	Energy Controlled Services	x			0.340	(0.340)
5	Energy Controlled Services	x			0.181	(0.181)
TOTAL		4	1	(0.075)	1.029	(1.029)

In summary, given the switch in programs there was a minimal loss of controllable load as a result of the one-time customer waiver. The total load loss for the interruptible programs due to cancellations as impacted by the waiver was zero, while the total loss due to a change in PDL was 0.075 MW.

II. Revenue Impact

There is no expected revenue change as a result of customers changing from an interruptible rate to a firm General Service rates as none of the current participating customers changed to a General Service rate. However, there is an estimated loss of \$18,344 in customer revenue as a result of customer adjustments within the interruptible programs.

III. Associated Short-Term Costs

Due to the small amount of load change and few customers acting to make change during the waiver period, there will be no associated capacity costs incurred to Xcel Energy customers as a result of the Peak Controlled Services, Peak Controlled

Services TOD, or Energy Controlled Service customers adjusting their PDL or switching to firm General Service rates.

CONCLUSION

We continue to anticipate future change in the use of Peak or Energy Controlled Services, including winter season interruption impacting participating customer usage. While changes as a result of this one-time waiver were relatively minor, focusing attention on customer operations and 'right-sized' program participation prior to future changes was helpful to customers. In addition, it provided us the opportunity to reacquaint and educate customers about the value of the programs and how they can better prepare for control events in the future regardless of the timing of those events. These steps will result in maintaining our Peak and Energy Controlled programs as viable and useful tools for controlling system load.

We appreciated the Commission's support in having this waiver available to engage customers and would be happy to discuss any of this information further with staff, if there are questions.

Dated: January 29, 2016

Northern States Power Company