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March 29, 2017

—Via Electronic Filing—

Ms. Patricia Van Gerpen, Executive Director  
South Dakota Public Utilities Commission  
State Capital Building  
500 East Capital Avenue  
Pierre, South Dakota 5701-5070

RE: LETTER REGARDING GROUND SOURCE HEATING PROGRAM REBATE 2017  
DOCKET NO: EL16-18

Dear Ms. Van Gerpen:

Northern States Power Company, doing business as Xcel Energy, submits this letter requesting the authority to release budget dollars towards a residential customer rebate for a ground source heat pump.

At the Commission's regularly scheduled meeting on November 22, 2016, the Commission found that the Ground Source Heat Pump program was not cost effective and voted to remove the program from the 2017 DSM Plan. The Company provided notice to our trade partners and customers through email communications and our website regarding the program removal. Customers had through December 30, 2016, to submit rebate paperwork in order to receive an incentive for the installation of ground source heat pump systems installed in 2016.

The Company received a rebate application for the installation of a ground source heat pump on January 8, 2017, through email. The installation was complete in November 2016, prior to the Commission Decision.

The Company believes the customer acted in good faith anticipating a \$3000 dollar incentive to offset the installation cost of their energy efficiency purchase. As such, we are requesting the Commission give the Company authority to release these rebate dollars.

Since there is no budget to associate these rebate dollars to, nor a program to claim savings, the Company intends to forfeit the energy savings and charge the cost of

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the rebate to our Regulatory Affairs budget as an administrative cost. The Company believes it can identify cost efficiencies in other parts of the portfolio such that paying this rebate will not affect the overall approved budget.

For any questions regarding this filing, please call me at (605)339-8303 or email at [eric.pauli@xcelenergy.com](mailto:eric.pauli@xcelenergy.com).

Sincerely,

A handwritten signature in black ink that reads "Eric Pauli". The signature is written in a cursive, flowing style.

Eric Pauli  
Community Relations Manager