

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

IN THE MATTER OF THE PETITION)	ORDER APPROVING 2015 DEMAND
OF NORTHERN STATES POWER)	SIDE MANAGEMENT REPORT AND
COMPANY DBA XCEL ENERGY FOR)	2017 PROPOSED DEMAND SIDE
APPROVAL OF ITS 2015 DEMAND)	MANAGEMENT PLAN
SIDE MANAGEMENT REPORT AND)	
2017 PROPOSED DEMAND SIDE)	EL16-018
MANAGEMENT PLAN)	

On April 29, 2016, the South Dakota Public Utilities Commission (Commission) received a Petition from Northern States Power Company dba Xcel Energy (Xcel) requesting approval of the 2015 Demand Side Management (DSM) Status Report and 2017 DSM Plan. Specifically, Xcel requested approval of the Company's 2015 DSM Tracker account, the incentive earned for 2015 program performance, the proposed 2017 DSM Cost Adjustment Factor of \$0.000507 per kWh, and the proposed DSM Plan for 2017. Xcel requested an effective date of January 1, 2017, for the DSM Cost Adjustment Factor.

On May 5, 2016, the Commission electronically transmitted notice of the filing and the intervention deadline of May 20, 2016, to interested individuals and entities on the Commission's PUC Weekly Filings listserv. No petitions to intervene or comments were filed. The Commission has jurisdiction over this matter pursuant to SDCL 49-34A, specifically 49-34A-6, 49-34A-8, 49-34A-8.2, 49-34A-10, 49-34A-11, and 49-34A-12.

At its regularly scheduled meeting on November 22, 2016, the Commission considered this matter. The Commission's staff (Staff) recommended that the Commission approve Xcel's Petition and thereby approve the following: 1) the 2015 DSM tracker account, 2) the performance incentive of \$232,512 earned in 2015, 3) the proposed DSM Plan for 2017, 4) the proposed budget for the 2017 DSM Plan and the fixed percentage incentive to be set at 30 percent of actual expenses (with a cap set at 30 percent of the approved budget), and 5) the 2017 DSM Cost Adjustment Factor of \$0.000507/kWh with an effective date of January 1, 2017. After a considerable amount of discussion, 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 and update the 2017 DSM Cost Adjustment Factor accordingly. The Commission then deferred final decision on this matter until the December 6, 2016, Commission Meeting.

On November 29, 2016, Xcel filed an updated Petition that removed the Ground Source Heat Pump Program from the 2017 DSM Plan, adjusted the 2017 budgets accordingly, and revised the DSM Cost Adjustment Factor to \$0.000504/kWh. The revised DSM Cost Adjustment Factor tariff sheet is as follows:

South Dakota Electric Rate Book - SDPUC No. 2

Section No. 5

4th Revised Sheet No. 73

Cancelling 3rd Revised Sheet No. 73

At its regularly scheduled meeting on December 6, 2017, the Commission again considered this matter. Staff recommended that the Commission approve Xcel's updated DSM

Plan Petition. Upon review of Xcel's 2015 DSM program results, the Commission, with Commissioner Hanson dissenting, finds that the 2015 DSM tracker account was properly calculated and that the program was properly executed thereby entitling Xcel to receive the 2015 performance incentive. The Commission further, with Commissioner Hanson dissenting, finds that the 2017 DSM Plan, as amended to exclude Ground Source Heat Pumps, is just and reasonable. The Commission further, with Commissioner Hanson dissenting, finds that the revised 2017 DSM Cost Adjustment Factor of \$0.000504/kWh was properly calculated and is just and reasonable. It is therefore

ORDERED, that the 2015 DSM tracker account and performance incentive is hereby approved. It is further

ORDERED, that the 2017 DSM Plan and budget, as amended to exclude Ground Source Heat Pumps, is hereby approved. It is further

ORDERED, that the fixed percentage incentive for 2017 shall be set at 30 percent of actual expenses, with a cap set at 30 percent of the approved budget. It is further

ORDERED, that the 2017 DSM Cost Adjustment factor of \$0.000504/kWh, and associated tariff sheet, is hereby approved with an effective date of January 1, 2017.

Dated at Pierre, South Dakota, this 12th day of December, 2016.

CERTIFICATE OF SERVICE
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, electronically or by mail.
By: <u>Adam Ostroff</u>
Date: <u>12/12/16</u>
(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Chris Nelson
CHRIS NELSON, Chairman

Kristie Fiegen
KRISTIE FIEGEN, Commissioner

GARY HANSON, Commissioner
dissenting