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Xcel Energy

Docket No.: EL14-040

Response To: South Dakota Public Data Request 1-9

Utilities Commission No.

Requestor: Darren Kearney
Date Received: December 1, 2014

Question:

Based on the fact that both residential and commercial customers are billed the same DSM rate, please explain how Xcel manages its energy efficiency budgets in order to prevent cross subsidization (i.e. DSM charges recovered from residential customers covering costs in the business program).

Response:

With the current portfolio, the Company attempts to limit cross subsidization by providing a mix of programs that allow for all customer classes to participate and by managing the overall portfolio to produce positive benefits as measured by the Societal Cost Test. Cross subsidization of some degree is inevitable unless the portfolio is split by segment and each managed individually with separate DSM rates. In practice, the Company responds to customers' interests and allocates funding to programs that see higher participation, recognizing there may be an imbalance between customer classes but that the overall achievement of energy savings will benefit all customers.

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Telephone: 612-337-2328 Date: December 8, 2014