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Xcel Energy Information Request No. 1-1
Docket No.: EL19-002
Response To: South Dakota Public Utilities Commission
Requestor: Joseph Rezac
Date Received: January 23, 2020

Question:

In its petition, Xcel indicates that the company's refund program can handle only one refund at a time and there are already scheduled refunds in its NSP states.

- a. Please outline all scheduled/expected refunds and the timeline for completion.
- b. What specifically about Xcel's refund program inhibits simultaneous refund payments?
- c. Does Xcel have any changes planned to its current refund program to allow it to handle simultaneous refunds in the future? Explain. What would the cost (total cost and as allocated to South Dakota customers) be to make these changes?

Response:

- a. When the tenth DOE payment was received on December 23, 2019, our Billing IT team was focused on year-end preparations for January 1 rate changes and preparations for a MN gas TCJA refund that was to be posted to customer accounts on January 15th. The Billing IT team then immediately turned to preparations for a MN electric TCJA refund that is scheduled to be posted in early February. The next items in the queue are as follows:
 - 1) The combined North Dakota DOE ninth and tenth credits. Due to the full refund queue in 2019, the ND PSC approved holding the ninth DOE credit and returning it to customers as part of a combined credit that will include both the ninth and tenth DOE payments. We expect completion of this credit in early March.
 - 2) The Michigan tenth DOE credit. Similar to the Order in EL19-002, we have a Michigan PSC Order requiring that credits be made to customers within 90 days of DOE payment receipt. We have requested a 90-day extension to that Order from the MI PSC. Completion is estimated for early April.

- 3) The SD tenth DOE credit. Completion is estimated in April, however, we have requested a 90 day extension to allow a time cushion for possible delays for system downtime due to normal maintenance, a previously scheduled upgrade involving the Company's conversion to Windows10, and testing.
- b. Our refund program can only handle one refund or credit at a time and involves extensive setup and testing. While the timeline noted above may appear to have gaps between posting dates, the refund program does not accommodate any parallel path processes. The work to setup the refund (which includes identification of all eligible tariffs), run sufficient testing to ensure billing accuracy, and post to customer accounts must be fully completed for one refund or credit before moving onto the next item in the queue.

The application we use to process refunds in our billing system requires extraction of the necessary customer usage data from the billing system and the retention of this data until the refunds begin posting to customer accounts. We are currently only able to process one refund at a time, and therefore, any data imported into the refund program overwrites the information already present.

Additionally, completing the necessary data extraction, testing, and validation to ensure accuracy is a lengthy—but important—process. Refunds such as the DOE credit involve extracting 12 months of historical usage and calculations for each of our electric customers. Due to the volume of customers involved, the entire process can take several weeks per credit or refund. For example, in Minnesota this process can take up to eight weeks per credit or refund. While this application is somewhat limited, it has generally worked well in the past, having been designed primarily to process periodic refunds resulting from completion of rate case proceedings.

The current backlog for customer refunds and credits is highly unusual and the result of a combination of events that has led to multiple refunds across several jurisdictions. This is primarily due to the passage of the Tax Credit and Jobs Act (TCJA) and the DOE settlement payments common to four of our operating jurisdictions (MN, MI, ND and SD).

- c. The Company is looking at improvements to the efficiency and performance of individual customer refunds as well as the ability to process more than one refund at a time. These improvements are part of a project which is currently being designed and for which we do not have final cost estimates. Changes to the billing system are highly complex and require careful planning, programming, testing and execution to ensure the integrity of calculating

accurate customer bills and the overall security of our billing system. In addition, our subject matter experts, who are currently engaged in implementing the credits in our queue, will be an integral part of designing the new solution, among other projects.

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