

Supporting Documentation for Updated DSM Cost Adjustment Factor

The following is information specified in South Dakota Administrative Rule 20:10:13:26 regarding the updated DSM Cost Adjustment Factor:

(1) Name and address of the public utility;

Xcel Energy
500 West Russell Street
Sioux Falls, South Dakota 57104
(605) 339-8350

(2) Section and sheet number of tariff schedule;

Xcel Energy proposes to update DSM Rate tariff sheet number 73 in Section 5 of the Xcel Energy South Dakota Electric Rate Book. Pages 7-10 of this attachment include the proposed tariff sheets with the updated DSM Rate.

(3) Description of the change;

The proposed updated DSM Rate is designed to true up the cost recovery, which is over our forecasted budget in the time period of 2019-2020 timeframe, as well as recover all forecasted 2020 DSM expenditures and incentives.

(4) Reason for the change;

As proposed in the South Dakota DSM Plan and described in the DSM Cost Adjustment Factor tariff sheet, the Company plans to update the DSM Cost Adjustment Factor on an annual basis in the May 1 Status Report filing. The updated DSM Rate is designed to true up any over-recovery or under-recovery that exists in the tracker as well as recover the forecasted DSM expenditures and incentives for the upcoming year.

(5) Present rate;

Pursuant to the Commission's December 18, 2018 Order,¹ Xcel Energy implemented the approved rate of \$0.000464 per kWh effective January 1, 2019.

(6) Proposed rate;

Xcel Energy requests a new DSM Cost Adjustment Factor of \$0.000475 per customer kWh.

(7) Proposed effective date of modified rate;

Xcel Energy requests this new DSM Cost Adjustment Factor of \$0.000475 per customer kWh become effective with the first billing cycle of January 2020. We request this rate remain in effect through December 2020 or until the Commission approves a new DSM Cost Adjustment Factor.

(8) Approximation of annual amount of increase or decrease in revenue;

This new DSM Cost Adjustment Factor of \$0.000475 per customer kWh is a increase of \$0.000011 per kWh or two percent.

(9) Points affected;

The proposed updated DSM Rate would be applicable to all areas served by Xcel Energy in South Dakota.

(10) Estimation of the number of customers whose cost of service will be affected and annual amounts of either increases or decreases, or both, in cost of service to those customers;

The proposed electric tariff will apply to all customers throughout all customer classes as described within the filing. Xcel Energy presently serves just over 95,666 electric customers in 36 communities in eastern South Dakota.

¹ Docket No. EL18-023

(11) Statement of facts, expert opinions, documents, and exhibits to support the proposed changes.

A narrative for the calculation of the updated rate is included in the DSM Cost Adjustment Factor Report section of this filing. The following pages of this attachment include the forecasted 2019 and 2020 DSM Trackers, which are referenced in the narrative, along with the proposed customer bill onsert message and the proposed updated tariff sheets in both redline and clean versions.

Northern States Power Company State of South Dakota- Electric Utility DSM Cost Recovery & Incentive Mechanism - Total 2019 Forecast														
	2019	January	February	March	April	May	June	July	August	September	October	November	December	Total
		Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
EXPENSES														
[CONFIDENTIAL DATA BEGINS														
1.	Balance													
2.	DSM Program Expenditures													
3.	Total Incentive													
	(Line 2 * 30%)													
4.	Total Expenditures + Incentive													
	(Line 2 + 3)													
RECOVERY														
5.	DSM Adjustment Factor (\$/MWh)													
6.	Calendar Month Sales Volume Forecast (MWh)													
7.	Total Cost Recovery (Line 5*6)													
8.	Sub-Balance (Over/Under Recovery)													
	(Line 1 + 4 - 7)													
9.	Accum Deferred Tax													
	(Line 8 *21%)													
10.	Net Investment													
	(Line 8 - 9)													
11.	Carrying Charge Rate													
12.	Carrying Charge													
	(Line 10 * carrying charge)													
13.	13. End of Month Balance (over)/under recovered													
	(Line 8 + 12)													
CONFIDENTIAL DATA ENDS]														

Table 1: 2019 DSM Tracker Forecast, With Cost Recovery in 2020

[CONFIDENTIAL DATA BEGINS

CONFIDENTIAL DATA ENDS]

Northern States Power Company State of South Dakota- Electric Utility DSM Cost Recovery & Incentive Mechanism - Total 2020 Forecast													
2020	January	February	March	April	May	June	July	August	September	October	November	December	Total
EXPENSES	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
CONFIDENTIAL DATA BEGINS													
1. Balance													
2. DSM Program Expenditures													
3. Total Incentive (Line 2 * 30%)													
4. Total Expenditures + Incentive (Line 2 + 3)													
RECOVERY													
5. DSM Adjustment Factor (\$/MWh)													
6. Calendar Month Sales Volume Forecast (MWh)													
7. Total Cost Recovery													
8. Sub-Balance (Over)/Under Recovery (Line 1 + 4 - 7)													
9. Accum Deferred Tax (Line 8 * 21%)													
10. Net Investment (Line 8 - 9)													
11. Carrying Charge Rate													
12. Carrying Charge (Line 10 * carrying charge)													
13. End of Month Balance (Line 8 + 12)													
CONFIDENTIAL DATA ENDS													

Table 2: 2020 DSM Tracker Forecast, With Cost Recovery in 2021

CONFIDENTIAL DATA BEGINS

CONFIDENTIAL DATA ENDS

Proposed Customer Bill Onsert Language

DSM Cost Adjustment Factor Increase Effective January 1, 2020

Xcel Energy offers a variety of load management and demand side management (DSM) programs to our South Dakota customers to help them reduce their home’s usage. The South Dakota Public Utilities Commission has approved a new Demand Side Management (DSM) Cost Adjustment Factor as a separate line item on your monthly electric bill to recover the cost of our load management and DSM programs. Beginning January 1, 2020 the rate factor will increase from \$0.000464 per kWh to \$0.000475 per kWh.

Residential Electric Service – Winter Month Bill Example

This chart provides a comparison of customer bills by applying the prior DSM rate versus the new DSM rate. The table below shows the DSM Rider rate increase only and does not factor in any other rate change that may occur concurrently.

	Prior Rates				New Rates				Change in Bill	Percent Increase
Usage (kWh)	Other Rates	Prior DSM Factor	Prior DSM	Prior Bill	Other Rates	New DSM Factor	New DSM	New Bill		
400	\$52.90	\$0.000464	\$0.19	\$53.09	\$52.90	\$0.000475	\$0.19	\$53.09	0.00	0.00%
500	\$64.06	\$0.000464	\$0.23	\$64.29	\$64.06	\$0.000475	\$0.24	\$64.30	0.01	0.02%
600	\$75.22	\$0.000464	\$0.28	\$75.50	\$75.22	\$0.000475	\$0.29	\$75.51	0.01	0.01%
750	\$91.96	\$0.000464	\$0.35	\$92.31	\$91.96	\$0.000475	\$0.36	\$92.32	0.01	0.01%
1000	\$119.86	\$0.000464	\$0.46	\$120.32	\$119.86	\$0.000475	\$0.48	\$120.34	0.02	0.02%
2000	\$231.48	\$0.000464	\$0.93	\$232.41	\$231.48	\$0.000475	\$0.95	\$232.43	0.02	0.01%

For more information

You may call **800.895.4999** with questions or examine the new rates by visiting our website at xcelenergy.com/SDRates.