



**Public  
Version Enclosed**

5000 West Russell Street  
P.O. Box 988  
Sioux Falls, SD 57101-0988

May 3, 2021

—Via Electronic Filing—

Ms. Patricia Van Gerpen, Executive Director  
South Dakota Public Utilities Commission  
State Capitol Building  
500 East Capitol Avenue  
Pierre, South Dakota 57501-5070

RE: PETITION  
2020 DSM STATUS REPORT AND PROPOSED 2022 DSM PLAN

Dear Ms. Van Gerpen:

Enclosed for filing is a Petition by Northern States Power Company requesting approval of our 2020 DSM Status Report which includes our request for: 1) approval of cost recovery for 2020 actual expenditures and incentive, 2) approval of our Proposed 2022 DSM Plan, and 3) proposed DSM Cost Adjustment Factor.

In accordance with South Dakota Admin. R. 20:10:01:39 through 42, Xcel Energy respectfully requests confidential treatment of certain information contained in this filing. In compliance with South Dakota Admin. R. 20:10:01:41, we have clearly marked each page of the confidential version with the term “CONFIDENTIAL”. A public non-confidential version is also being filed simultaneously.

Pursuant to S.D. Codified Laws Chapter 20:10:01:41, the Company submits the following justification for confidential treatment of this petition.

**(1) An identification of the document and the general subject matter of the materials or the portions of the document for which confidentiality is being requested;**

We request confidential treatment on the grounds that the material is proprietary and contains trade secret information, the disclosure of which would result in material damage to the Company’s financial or competitive position. The petition contains financial information that is not available to the general public.

**(2) The length of time for which confidentiality is being requested and a request for handling at the end of that time. This does not preclude a later request to extend the period of confidential treatment;**

The Company requests that the petition be recognized as confidential in perpetuity.

**(3) The name, address, and phone number of a person to be contacted regarding the confidentiality request;**

Steve Kolbeck  
Principal Manager – South Dakota  
Xcel Energy  
500 W. Russell Street  
P.O. Box 988  
Sioux Falls, South Dakota 57101  
(605) 339-8303

**(4) The statutory or common law grounds and any administrative rules under which confidentiality is requested. Failure to include all possible grounds for confidential treatment does not preclude the party from raising additional grounds in the future;**

The Company requests confidential treatment because the information is both trade secret and proprietary. The claim for confidential treatment is based on South Dakota Admin. R. 20:10:01:39 (4) and S.D. Codified Laws Chapter 1-27-30. The information contained within the referenced documents meets the definition of “trade secret” under S.D. Codified Laws Chapter 37-29-1(4)(1), the South Dakota Uniform Trade Secrets Act, which is defined as information that “[d]erives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and... is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.” The information also meets the definition of “proprietary information” under S.D. Codified Laws Chapter 1-27-28, which is defined as “information on pricing, costs, revenue, taxes, market share, customers, and personnel held by private entities and used for that private entity's business purposes.”

**(5) The factual basis that qualifies the information for confidentiality under the authority cited.**

Consistent with the terms of the Settlement Stipulation approved by the Commission in the Company's 2012 electric rate case (Docket EL12-046), the rate of return on equity is confidential.

For any questions regarding this filing, please feel free to call me at (605) 339-8350 or email [Steven.T.Kolbeck@xcelenergy.com](mailto:Steven.T.Kolbeck@xcelenergy.com) or contact Eric Flower at (612) 370-3456 or email [Eric.J.Flower@xcelenergy.com](mailto:Eric.J.Flower@xcelenergy.com).

Sincerely,

A handwritten signature in cursive script that reads "Steve Kolbeck". The signature is written in black ink and is positioned above the typed name and title.

Steve Kolbeck  
Principal Manager –South Dakota

**PUBLIC**

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

IN THE MATTER OF THE PETITION OF  
NORTHERN STATES POWER COMPANY  
FOR APPROVAL OF THE 2020 ANNUAL  
DSM STATUS REPORT, INCLUDING 2020  
COST RECOVERY AND INCENTIVE AND  
APPROVAL OF THE PROPOSED 2022 DSM  
COST ADJUSTMENT FACTOR AND  
PROGRAM PLAN

**PETITION FOR 2020 DSM  
PROGRAM APPROVAL AND  
PROPOSED 2022 DSM COST  
ADJUSTMENT FACTOR**

DOCKET NO. EL21- \_\_\_\_

Northern States Power Company, doing business as Xcel Energy, submits to the South Dakota Public Utilities Commission, this Petition seeking approval of our 2020 Annual Demand Side Management (DSM) Report and Proposed 2022 DSM Plan (Plan).

With over 11.9 GWh of customer savings in 2020, our DSM portfolio achievement marks the most successful year in our programs history for the second consecutive year. These savings will reduce overall energy consumption and, as a result, lower a customer's electric bill. Our enclosed 2022 Plan builds upon 2021 as we continue our energy efficiency and conservation focus to help customers manage their energy usage and save money.

The remainder of this Petition will provide the following: (1) 2020 DSM results and earned incentive; (2) DSM program portfolio; (3) Report on DSM recovery; (4) DSM cost adjustment factor report; and (5) the Company's 2022 DSM plan.

We respectfully request that the Commission approve the following as part of this Petition:

- The Company's 2020 DSM Tracker account;
- Approve the incentive of \$241,467 earned for 2020 program performance;
- Approve the proposed 2022 electric DSM Adjustment Factor of \$0.0005368 per kWh; and
- Approve the proposed 2022 DSM Plan.

# PUBLIC

## PETITION

### I. 2020 DSM RESULTS AND EARNED INCENTIVE

#### A. Executive Summary

Demand Side Management resources are part of a wide variety of offerings by the Company to empower our customers to control their energy usage and their monthly electric bills. Our DSM portfolio offers a mix of solutions designed to meet individual needs and preferences. In 2020, we reached our highest energy savings achievement of 11.9 GWh. This achievement is a result of high penetration of LED lighting for both residential and commercial customers. Our total actual expenditures of \$839,636 falls above the filed budget, but within the Commission approved budget flexibility.<sup>1</sup>

#### B. Cross Subsidization Review

In compliance with Commission request, we verify that neither the residential nor the business segment is receiving more benefit than another.<sup>2</sup> Although there have been changes in the percent of spend, as well as percent of kWh over time, the percent of recovery between classes, as shown in Table 1, has been consistent over the past six years.

**Table 1 – Cross Subsidization Review**

Year	Percent of Spend (excl. Planning)		Percent of kWh		Percent of Recovery	
	Residential	Business	Residential	Business	Residential	Business
2015	67%	33%	62%	38%	35%	66%
2016	34%	66%	26%	74%	35%	65%
2017	44%	56%	45%	55%	35%	65%
2018	42%	58%	42%	58%	35%	65%
2019	44%	56%	29%	71%	36%	64%
2020	33%	67%	33%	67%	37%	63%

<sup>1</sup> Docket EL13-015, Commission Order December 3, 2013.

<sup>2</sup> The Commission requested the Company provide a cross-subsidization table in Docket No.EL17-019 during the December 5, 2017 Hearing.

**PUBLIC**

**C. Program Achievement**

To evaluate the cost-effectiveness of our portfolio for 2020, we looked at the Total Resource Cost (TRC) ratio, which compares total benefits to total costs of the portfolio.<sup>3</sup> If a program or portfolio has a TRC ratio above one, it is considered cost-effective. As shown in the table below, the 2020 portfolio demonstrated a TRC Ratio of 2.08.

Table 2 provides a breakdown of 2020 achievements by program. A full executive summary, which includes both a comparison of 2020 goals versus actuals and cost-effectiveness test results, is provided as Attachment A.

**Table 2 – Executive Summary Table of 2020 Actual Achievements**

2020	Electric Participants	Electric Budget	Generator kW	Generator kWh	TRC Ratio
<b>Business Segment</b>					
Lighting Efficiency	136	\$543,250	1,402	8,010,409	1.58
Business Saver's Switch	2	\$5,289	57	8	11.85
Peak and Energy Control	3	\$7,721	1,527	3,030	89.17
<b>Business Segment Total</b>	<b>141</b>	<b>\$556,260</b>	<b>2,986</b>	<b>8,013,447</b>	<b>1.81</b>
<b>Residential Segment</b>					
Home Lighting	74,950	\$85,291	529	3,920,682	7.27
Residential Demand Response	511	\$181,557	479	817	2.04
Consumer Education	5,700	\$9,119	N/A	N/A	N/A
Water Heating	1	\$392	1	3,820	1.97
<b>Residential Segment Total</b>	<b>81,162</b>	<b>\$276,359</b>	<b>1,008</b>	<b>3,925,319</b>	<b>4.49</b>
<b>Planning Segment</b>					
Regulatory Affairs	N/A	\$7,017	N/A	N/A	N/A
<b>Planning Segment Total</b>	<b>N/A</b>	<b>\$7,017</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>PORTFOLIO TOTAL</b>	<b>81,303</b>	<b>\$839,636</b>	<b>3,995</b>	<b>11,938,766</b>	<b>2.08</b>

The Status Report shows a successful year for the DSM portfolio. We maintain a well-balanced portfolio of programs and continue to educate customers on the benefits of choosing energy efficiency.

<sup>3</sup> A TRC ratio above 1.0 indicates the benefit outweighs the costs.

## PUBLIC

### D. DSM Incentive Report – Calculation Inputs

The Company submits the following 2020 incentive calculation in accordance with the Commission’s October 21, 2011 Order, which approved an incentive of 30 percent of expenditures capped at the approved budget.

Approved Budget	\$804,891
Actual Spend	\$839,636

Since the actual expenditure was greater than the approved budget, the incentive was capped at the approved budget amount. The incentive is calculated as follows: Approved Budget x 30% = Awarded Incentive or **\$804,891 x 30% = \$241,467**.

This incentive is accounted for in our 2020 DSM Tracker included in Attachment C.

## II. DSM PROGRAM PORTFOLIO

We offer our commercial and residential customers several different opportunities to participate in our energy efficiency programs. In this section, we provide program descriptions, 2020 program activity and results, any changes we anticipate for 2022, and budget and goal considerations. There are no new programs being launched in 2022.

### A. Business Portfolio

#### 1. Business Lighting

The Business Lighting program offers retrofit and new construction rebate incentives to commercial and industrial customers who purchase and install qualifying energy efficient lighting fixtures and lamps. Rebates are offered to encourage customers to purchase energy efficient lighting by reducing the up-front costs associated with light emitting diode (LED) lamps and fixtures.

##### *a. 2020 Program Activity and Results*

The Business Lighting program broke its record high achievement previously set in 2019 by increasing energy savings to a new record in 2020. The program continued to maintain the low cost per kWh at seven cents. We attribute these results to the success of linear LED tube options for customers which accounted for 46 percent of the total energy

## PUBLIC

saving for the program. LED tubes are a less costly alternative than upgrading to a new full fixture such as an LED troffer or high bay.

We note rebated and forecasted units in Table 3 below.

**Table 3: Business Lighting Efficiency Units**

<b>Year</b>	<b>Actual/ Forecasted Units</b>	<b>Additional Information</b>
2017	11,700	Achieved
2018	21,291	Achieved
2019	33,832	Achieved
2020	48,489	Achieved
2021	27,526	Filed/Forecasted
2022	32,489	Filed/Forecasted

*b. 2022 Proposed Changes*

Our goal is to offer cost-effective programs that will benefit our customers. Using the latest models developed for Northern States Power (NSP) electric system - the generation, transmission and distribution, and marginal energy avoided revenue requirement assumptions have all decreased in 2022. The resulting cost-benefit analysis has determined that the previous mix of measures resulted in the Business Lighting program to be not cost-effective. The Company proposes eliminating the high bay and troffer fixture measures to ensure the program as a whole, is cost-effective. We know this impacts our customers and reduces options for them to participate. Thus, we will add a new Custom Lighting measure to allow customers to submit projects for retrofit and new construction projects.

A Custom Lighting application must be submitted prior to the customer purchasing the equipment, and each project will be evaluated individually for cost-effectiveness. Rebate amounts are determined through an engineering examination of the demand and energy savings attributed to the project. The analysis incorporates engineering principles relative to industry standards and the interactive energy effects of the equipment or system components. If the project is successful in passing the cost-benefit analysis, the customer will receive a rebate. This measure has been available in Minnesota for several years and has been refined over time to be a turn-key process. The new Custom Lighting measure will allow customers to submit projects for equipment that is not covered under the prescriptive products, such as non-DLC (Design Lights) listed LED equipment that tends



## PUBLIC

to be less expensive. This creates opportunities for customers to obtain rebates on new lighting technologies, removing limits on wattage and type of fixtures.

The Company also proposes a few prescriptive rebate reductions for screw-in lamps, canopy, and parking garage fixtures, as the cost of the technology has declined. These details are shown in Attachment B.

### *c. Budget and Goal Considerations*

With the removal of high-bay and troffer fixtures from the prescriptive program, the Company estimates a drop in energy savings; however, with the new Custom Lighting measure, the savings and budget are forecasted to be approximately the same as 2021.

## 2. Business Saver's Switch

Business Saver's Switch is a demand management program available to commercial customers. The program uses direct load control to cycle customers rooftop air conditioning units during periods of peak demand, helping to maintain system reliability. Loads are controlled through the use of load control receivers operated remotely via wireless signals. The program is marketed using direct mail, email and by our customer representatives at our Business Solutions Center.

### *a. 2020 Program Activity and Results*

The Business Saver's Switch program had a successful year. While only a couple of premises were added to the program, these premises had a substantial number of AC units, leading the program to exceed goals, while coming in under budget.

The Company held one control event in 2020. A minimum of one control event per cooling season is required by the Midwest Independent System Operator (MISO).

### *b. 2022 Proposed Changes*

There are no proposed changes for our 2022 Business Saver's Switch program.

### *c. Budget and Goal Considerations*

The budget and projected achievements for 2022 will be unchanged.

## PUBLIC

### 3. Electric Rate Savings: Peak and Energy Controlled Rates

The Electric Rate Savings (ERS) program is offered to any business customer that can reduce their electric loads by at least 50 kW during control periods initiated by the Company or MISO. In return for their load availability, customers receive a monthly discount on their demand charges and can potentially save up to 50 percent on their demand charges over the entire year. ERS is promoted directly to customers through the Company's Account Management and Business Solutions Center teams.

#### *a. 2020 Program Activity and Results*

In 2020, the program spent less than its budget and participation was as expected with achievements above target. The program experienced load growth from one existing program participant and additional load from two new program participants. The program had one event in 2020 which required participants to curtail their load down to their predetermined demand level for one hour. This event was required by MISO for load validation registration requirements. Additionally, we performed an annual notification test which does not require program participants to control their load. This notification test is necessary to verify customer contact information to ensure that in the event of an actual curtailment event the correct contacts are notified to ensure program compliance.

Program costs were for administrative and application maintenance costs as the company maintained the notification system used for both the notification test and MISO real power test event.

#### *b. 2022 Proposed Changes*

There are no proposed changes for our 2022 ERS program.

#### *c. Budget and Goal Considerations*

In 2020, we exceeded our achievement goal and spent less than budgeted. We expect additional growth in participants and achievements over the next two years. Based on this probability the budget will remain the same for 2022.

## **B. Residential Portfolio**

### 1. Home Lighting

The Home Lighting program offers discounted prices on light emitting diode (LED) bulbs. Energy efficient lights are an easy and low-cost way for residential and small

## PUBLIC

business customers to save energy and lower their monthly electric bills. The Home Lighting program is a gateway product into our energy-efficiency programs due to the low up-front cost to customers and ease of participation. We promote the Home Lighting program through a variety of channels including bill inserts, emails, digital advertising and point of purchase displays.

We motivate customers to purchase LEDs by offering in-store retail discounts. The discounts are provided through collaboration with bulb manufacturers and retailers. The discount varies depending on the type of bulb and the manufacturer/retail partner. Discounted prices are received at the cash register, making it easy to participate without the hassle of mail-in rebates. Incentives are paid upstream, and the discounts are passed directly to customers.

### *a. 2020 Program Activity and Results*

The program surpassed the participation and energy savings goals for 2020. The increased achievements were a result of customers looking for ways to reduce their energy bills with more customers spending time at home due to the COVID-19 pandemic and installing LEDs is an easy way to achieve savings. We were able to exceed our savings goal while spending less than the anticipated budget as our average rebates were lower than expected due to current market pricing. The number of residential versus business bulbs sold is defined in the table below.

**Table 4: Home Lighting Achievement**

<b>Type of Customer</b>	<b>LED Bulbs Sold</b>	<b>Percent of Bulbs</b>	<b>Rebate Total</b>
Residential	70,453	94%	\$66,480
Business (Generally Small Business)	4,497	6%	\$4,243

### *b. 2022 Proposed Changes*

The Company proposes to reduce the average rebate for Aline and specialty LEDs to reflect lower market pricing for those types of bulbs.

### *c. Budget and Goal Considerations*

The Home Lighting goal has increased for 2022, while keeping the budget relatively stable. This is a result of striving to keep the program cost-effective. The energy savings

## PUBLIC

and budget target for the product was derived by analyzing the market potential and historical sales data, while considering new technologies, available retail channels and participating customer segments.

### 2. Heat Pump Water Heaters

In 2020, the Heat Pump Water Heaters program began offering retrofit and new construction rebates to residential customers who purchase and install qualifying energy efficient heat pump water heaters. Rebates are offered to encourage customers to purchase energy efficient equipment by reducing up-front costs associated with new heat pump water heaters. The following water heating measures are rebated at this time:

- Medium Draw Heat Pump Water Heater – Refrigerant Based Cooling & Electric Resistance Heat (30-50 Gallon);
- Medium Draw Heat Pump Water Heater – Refrigerant Based Cooling & ASHP Heat (30-50 Gallon);
- Medium Draw Heat Pump Water Heater – Refrigerant Based Cooling & Natural Gas Heat (30-50 Gallon);
- Medium Draw Heat Pump Water Heater – Non-Refrigerant Based Cooling & Electric Resistance Heat (30-50 Gallon);
- Medium Draw Heat Pump Water Heater – Non-Refrigerant Based Cooling & ASHP Heat (30-50 Gallon); and
- Medium Draw Heat Pump Water Heater – Non-Refrigerant Based Cooling & Natural Gas Heat (30-50 Gallon).

Heat pump water heaters have a much larger incremental cost but save a significant amount of energy over an electric resistance water heater. Rebates were provided at \$300 per equipment which funds approximately 50 percent of the incremental cost to purchase and install this energy efficient option. The up-front cost of the technology is a barrier for most customers and the offered rebate helps overcome this barrier by reducing the incremental cost to provide a payback between eight and sixteen months. We want to encourage the use of energy-efficient opportunities with our customers and providing rebates on electric heat pump water heaters will continue to reduce customer barriers that prohibit energy efficient options from being utilized.

## PUBLIC

### *a. 2020 Program Activity and Results*

In 2020, the program spent much less than its budget and as a result of low participation. The program had only one participant. Program costs were for staff labor, a modest marketing budget, and one participant rebate.

The Company expects that the low rebate amount compared to the high upfront cost partly contributed to the low participation. Additional factors may include a need for additional marketing and promotional efforts and the need to develop a robust trade partner network in the state.

### *b. 2022 Proposed Changes*

The Company proposes increasing the rebate from \$300 to \$400 and increasing maximum tank size from 50 gallons to 80 gallons. The new proposed measures are shown below.

- Medium Draw Heat Pump Water Heater – Refrigerant Based Cooling & Electric Resistance Heat (30-80 Gallon);
- Medium Draw Heat Pump Water Heater – Refrigerant Based Cooling & ASHP Heat (30-80 Gallon);
- Medium Draw Heat Pump Water Heater – Refrigerant Based Cooling & Natural Gas Heat (30-80 Gallon);
- Medium Draw Heat Pump Water Heater – Non-Refrigerant Based Cooling & Electric Resistance Heat (30-80 Gallon);
- Medium Draw Heat Pump Water Heater – Non-Refrigerant Based Cooling & ASHP Heat (30-80 Gallon); and
- Medium Draw Heat Pump Water Heater – Non-Refrigerant Based Cooling & Natural Gas Heat (30-80 Gallon).

The high up-front cost of the technology has limited participation within the program. Customer demand drives equipment availability through local distributors, retailers and trade partners. The increased rebate is a key factor in developing distribution channels and customer participation. In addition, expanding the eligible models to include larger tank sizes of up to 80 gallons will allow customers to install a water heater that meets the needs of their home. The Company will utilize low cost marketing tactics and trade partner outreach to increase awareness of the program.

## PUBLIC

### *c. Budget and Goal Considerations*

The program budget includes rebates, promotion and administrative costs. The rebates make up the majority of the budget while a smaller amount is allotted to administration and promotion which includes customer mailings, in-store signage at local retailers and information materials.

#### 3. Residential Demand Response: Saver's Switch, AC Rewards and Smart Thermostat Optimization

We offer two demand response products to our residential customers under the Residential Demand Response program: Saver's Switch® and AC Rewards. Both products target central air conditioners for reducing system load during demand peaks. Both offerings will be promoted primarily via email, direct mail and our customer care organization.

Saver's Switch offers a seasonal bill discount to customers who agree to allow the Company to remotely control their central air conditioners during the summer months. Customers with qualifying electric water heaters can enroll this equipment as well. Electric water heaters can be controlled year-round and customers receive incentives for their participation year-round.

The AC Rewards program (smart thermostat offering) was launched in 2020 and offers residential electric customers the opportunity to implement a new load management option. The purpose of this product is to allow the company to control residential cooling load when needed.

AC Rewards requires customers to "Bring Your Own Thermostat (BYOT)", which means that any customer who has a central AC and a qualifying thermostat is eligible to participate. Customers can qualify to be incentivized with a one-time incentive for thermostat optimization and an additional one-time incentive for enrolling their qualified device in AC Rewards. Customers can enroll their device into AC Rewards at anytime for the enrollment incentive, equipment rebates for new thermostats purchased must be processed within 12 months of the invoice date for thermostat optimization. For customers who do not have a qualifying thermostat, but have a central AC, they can receive a discount for purchasing and installing an ENERGY STAR® rated thermostat that is AC Rewards qualified. The following measures are incentivized at this time:

## PUBLIC

**Table 5: Residential Demand Response Incentives**

<b>Measure Offerings</b>	<b>Incentives</b>
Saver Switch for AC	15% discount off electric charges from June through September
Saver Switch for Water Heaters	2% discount off electric charges year-round
AC Rewards	\$75 bill credit for enrolling in the demand management program and \$25 annual bill credit in October
Thermostat Optimization	\$50 incentive for installing a qualifying smart thermostat

*a. 2020 Program Activity and Results*

In 2020, the Residential Demand Response program under spent its budget while participants and achievements were below target. In all, the company installed about 350 new Saver's Switches and enrolled about 130 thermostats.

The Saver's Switch and AC Rewards products had one control event in 2020. The Company continues to plan for the execution of a minimum of one control event per year.

*b. 2022 Proposed Changes*

The Company proposes to add townhomes as a qualifying AC Rewards Residential dwelling type.

*c. Budget and Goal Considerations*

The budget is unchanged compared to the previous filing.

### **C. Additional Demand Side Efforts**

1. Trade Partners

Trade Partners are a key marketing channel for our DSM efforts. Trade Partners educate and promote our programs to customers, verify that the equipment they are installing meets our program specifications and help customers complete the rebate paperwork. We consider our Trade Partners to be contractors, distributors and manufacturers of energy-efficient equipment.

## PUBLIC

Trade Partner support is conducted through training workshops and Account Manager outreach. Account Management in Sioux Falls plays an important role in supporting the efforts of our South Dakota Trade Partners. Account Management is available to meet with Trade Partners for program training, site visits and help with rebate paperwork.

Other support is provided through phone and email communications from Trade Relations Managers. Xcel Energy's Trade Relations Managers are based in Minneapolis and assist our South Dakota Trade Partners by providing answers to trade questions on our rebate specifications and paperwork. They produce email updates for Trade Partners when there is important information to share. Trade Relations Managers are also available to conduct additional, in depth, trainings on an as-needed basis.

In 2020, the COVID-19 pandemic prohibited Trade Relations Managers from conducting in person trainings per Company guidelines designed to protect employees and customers alike. Efforts will once again continue when it is safe to do so.

### 2. Consumer Education

The Consumer Education program creates awareness of energy conservation by providing residential customers with information and resources to reduce their homes' energy use. The Company provides customers with opportunities to actively engage in energy efficiency via community outreach events and advertising within our service territory. Utilizing these different tactics allows us to reach a wide variety of customers.

#### *a. 2020 Program Activity and Results*

The program's primary focus at community events is to drive customers to learn more about what they can do to save energy and money. In 2020, the Company did not exceed the participation targets for this program due to the effects of the COVID-19 pandemic. Per Company guidelines designed to protect employees and customers alike, in person events were cancelled beginning in March. The Company looks forward to activating events again starting in late 2021. Additionally, no advertising was purchased in 2020.

In 2020, the company participated in one large community event that occurred prior to March.

- *Empire Home Show*, Sioux Falls Convention Center, Sioux Falls (February 21-23)
  - Xcel Energy generated 1,150 meaningful engagements and delivered 100 targeted program leads and generated 50 direct program signups.



## PUBLIC

### 3. Regulatory Affairs

The Planning & Administration group manages all DSM regulatory filings, directs and prepares cost-benefit analysis, provides results of energy conservation achievements and prepares cost recovery reports. This group also provides procedures and policies for effectively addressing requirements and complying with the DSM regulatory process. The entirety of the budget is to cover non-direct program labor including labor for such things as onsets and regulatory requests.

### III. DSM COST RECOVERY REPORT

Cost-effective conservation benefits customers by reducing the need to build a new power plant or other generation facilities to meet our customers' electricity needs. Conservation also has environmental benefits, including a reduction in air pollution and greenhouse gas emissions associated with using fossil fuels. This section reports the actual 2020 spending and cost recovery as well as the Company's carrying charge rates.

In 2020, the total portfolio spend came in at \$839,636. This amount is above our approved budget of \$804,891, but falls within the ten percent spend flexibility granted by the Commission.<sup>4</sup> In addition to DSM expenses, the Company is requesting recovery of \$241,467 in financial incentive earned for our 2020 DSM performance for total recovery of \$1,081,103.

Supportive documentation for this cost recovery request, some of which falls under the category of confidential data, is provided as Attachment C of this filing and includes:

- Calculations of the Carrying Charge Rates in 2020 and found in the 2020 Tracker; and
- Xcel Energy's 2020 DSM Tracker, which documents monthly DSM expenditures and recovered costs.

### IV. DSM COST ADJUSTMENT FACTOR

The current DSM Cost Adjustment Factor of \$0.0005280 per kWh was implemented on January 1, 2021.<sup>5</sup> The Company requests a new DSM Cost Adjustment Factor of \$0.0005368 per kWh to be effective with the first billing cycle of January 2022.

---

<sup>4</sup> The Commission approved a 10 percent spend flexibility beginning in 2013 as part of the approval of the Company's 2012 DSM Status Report and 2014 DSM Proposed Plan. (Docket No. EL13-017)

<sup>5</sup> Docket EL20-015, Commission Order December 14, 2020.

## PUBLIC

Supportive documentation for this rate change request, some of which falls under the category of confidential data, is provided as Attachments D1-D4 of this filing and includes:

- Information specified in South Dakota Administrative Rule 20:10:13:26 regarding the updated DSM Cost Adjustment Factor;
- Forecasted 2021 and 2022 DSM Trackers reflecting the forecasted cost recovery with the current and proposed rates;
- Proposed bill insert notice; and
- Proposed updated tariff sheet in both redlined and clean versions.

The Company requests a new DSM Cost Adjustment Factor of \$0.0005368 per customer kWh to be effective with the first billing cycle of January 2022 and to remain in effect through December 2022 or until the Commission approves a new DSM Cost Adjustment Factor. This is an increase of \$0.0000088 per kWh or approximately two percent compared to the previous DSM Cost Adjustment Factor. The increase is due to over achievement of 11.9 GWh versus planned 6.0 GWh and an increase in energy benefits. However, the bill impact to customers is a 0.02% increase amounting to \$0.00 to \$0.01 per month.

In the event that Commission approval of the proposed adjustment is delayed beyond the timeframe needed to implement the rate change by January 1, 2022 the Company will continue to apply the current DSM Cost Adjustment of \$0.0005280 per kWh up to the first cycle of the first full billing period following Commission approval of a revised factor.

This proposed factor is calculated to reduce the DSM Tracker balance to \$0 by the end of December 2022. It is based on the forecasted December 2022 unrecovered balance in the Company's DSM Tracker account. This 2022 forecasted balance is based on the forecasted January beginning balance, projected expenditures and the forecasted incentive. The inputs and calculation are shown below.

**[CONFIDENTIAL DATA BEGINS HERE]**

## PUBLIC

**CONFIDENTIAL DATA ENDS HERE]**

This calculation results in a rate that would recover the sum of the beginning balance, approved expenditures and estimated incentives over the January 1, 2021 – December 31, 2022 period. This rate of **[CONFIDENTIAL DATA BEGINS HERE CONFIDENTIAL DATA ENDS HERE]** would result in a negative balance because it does not consider carrying charges, which are negative for several months during 2022. To get as close to a possible \$0 balance by December 31, 2022, the rate was incrementally decreased to reflect future inclusion of carrying charges, until the balance approached \$0 without going negative. The resulting rate is **\$0.0005368 per customer kWh**.

We note that the bill onsert for the DSM Cost Adjustment Factor has, in the past, been combined with the South Dakota Infrastructure Rider Rate. Attempts are made to limit the amount of onserts per bill when necessary; this further reduces cost. We will combine in 2022 if timing of each filing allows the ability to do so.

**PUBLIC**

**V. 2022 DSM Plan**

This section includes a summary of our proposed 2022 Plan. Our plan for 2022 is to continue to provide customers energy efficient options and rebates to help them manage future energy bills. Table 7 summarizes our proposed goals and provides updated cost-effectiveness results by program. The total portfolio has a passing TRC Ratio of 1.59. A full executive summary, which includes all cost-effectiveness test results, is provided as Attachment E.

**Table 7 – Executive Summary Table of 2022 Forecast**

2022	Electric Participants	Electric Budget	Generator kW	Generator kWh	TRC Ratio
<b>Business Segment</b>					
Lighting Efficiency	477	\$399,900	742	5,981,518	1.06
Business Saver's Switch	10	\$25,250	35	48	1.07
Peak and Energy Control	1	\$10,000	174	345	5.64
<b>Business Segment Total</b>	<b>488</b>	<b>\$435,150</b>	<b>951</b>	<b>5,981,911</b>	<b>1.08</b>
<b>Residential Segment</b>					
Home Lighting	6,154	\$101,933	587	4,334,997	5.97
Heat Pump Water Heaters	25	\$11,850	8	62,033	1.00
Residential Demand Response	1,400	\$243,500	781	87,288	2.04
Consumer Education	45,000	\$21,165	N/A	N/A	N/A
<b>Residential Segment Total</b>	<b>52,579</b>	<b>\$378,448</b>	<b>1,376</b>	<b>4,484,318</b>	<b>3.27</b>
<b>Planning Segment</b>					
Regulatory Affairs	N/A	\$10,000	N/A	N/A	N/A
<b>Planning Segment Total</b>	<b>N/A</b>	<b>\$10,000</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>PORTFOLIO TOTAL</b>	<b>53,067</b>	<b>\$823,598</b>	<b>2,327</b>	<b>10,466,229</b>	<b>1.59</b>

**PUBLIC**

**Service of Filings**

We request that communications regarding this Application be directed to:

Lynnette Sweet  
Regulatory Administrator  
Xcel Energy  
414 Nicollet Mall, 401-7  
Minneapolis, MN 55401  
(612) 321-3159  
Regulatory.Records@xcelenergy.com

## PUBLIC

### CONCLUSION

In summary, the Company respectfully requests that the Commission:

- Approve the Company's 2020 DSM Tracker account;
- Approve the incentive of \$241,467 earned for 2020 program performance;
- Approve the proposed 2022 electric DSM Adjustment Factor of \$0.0005368 per kWh; and
- Approve the proposed 2022 DSM Plan.

We look forward to continuing these programs in South Dakota. The Company appreciates the interest and efforts of South Dakota policy makers in supporting this DSM portfolio.

Dated: May 3, 2021

Xcel Energy



By:

\_\_\_\_\_  
Steve Kolbeck  
Principal Manager –South Dakota