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Xcel Energy Data Request No. 2-5
 Docket No.: EL22-010
 Response To: South Dakota Public Utilities Commission Staff
 Requestor: Eric Paulson
 Date Received: October 18, 2022

Question:

Explain why Xcel is requesting an increase in the Water Heating budget when so far in each program year the budget has been significantly more than needed.

Response:

The Company is requesting to increase the incentives for the Water Heating program from \$300 to \$400 with the intention of increasing the likelihood of customer participation. The increased budget is a result of the incentive change.

Revision:

Table 1 below shows the requested budget for the Water Heating Program.

Year	Budget
2021	\$12,900
2022	\$10,250
2023 (Proposed)	\$10,900

The Company continues to manage costs based on our current experience with the program. Our currently proposed 2023 budget assumes 21 participating customers. The \$10,900 includes \$8,700 in potential rebates and \$2,500 in administration (including marketing and administration).

Heat Pump Water Heaters are often more expensive compared other like equipment. We continue to work with retailers to encourage stocking these options and education customers on new more efficient technologies.

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Date: November 1, 2022 **REVISED** November 4, 2022