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Xcel Energy Data Request No. 3-7
Docket No.: EL25-020
Response To: South Dakota Public Utilities Commission
Requestor: Eric Paulson
Date Received: October 28, 2025

Question:

Refer to page 12 of the revised Petition. Xcel states, “These rebates will help to cover the incremental cost of new, higher efficiency equipment and reduce the payback timeframe for these pieces of equipment.” Provide the payback time with and without the rebate.

Response:

The payback calculation is $\text{Payback} = \text{cost of equipment} / \text{energy cost saved (months equipment used * customer utility rate)}$. In order to calculate actual payback times, we would need to know the customer’s rate structure. For instance, General Service is a different rate structure than Small General Service and would ultimately impact the payback period for a project. Below are average payback estimates:

Est. Avg. Payback without Rebate (years)	Est. Avg. Payback with Rebate (years)
6.91 - 8.29	0.77 - 0.92

Please note that this applies to incremental capital cost only, not full project cost.

Preparer:	Juliana Beckett	Jon Vesta
Title:	C&I Product Manager	Sr Energy Efficiency Engineer
Department:	CETS	Energy Solutions Engineering
Telephone:	720-840-7378	612-216-9238
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