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 2025 ANNUAL DSM STATUS REPORT, INCLUDING 2025 COST RECOVERY AND INCENTIVE AND APPROVAL OF THE PROPOSED 2027 DSM COST ADJUSTMENT FACTOR	**PETITION FOR 2025 DSM PROGRAM APPROVAL AND PROPOSED 2027 DSM COST ADJUSTMENT FACTOR** DOCKET NO. EL26- ___

Northern States Power Company, doing business as Xcel Energy, submits to the South Dakota Public Utilities Commission, this Petition seeking approval of our 2025 Annual Demand Side Management (DSM) Report and Proposed 2027 DSM Plan (Plan).

In 2025, our DSM portfolio achievement exceeded 5.3 GWh. These savings will reduce overall energy consumption and, as a result, lower a customer's electric bill. Our enclosed 2027 Plan builds upon 2026 as we continue our energy efficiency focus to help customers manage their energy usage and save money.

The remainder of this Petition will provide the following: (1) 2025 DSM results and earned incentive; (2) DSM program portfolio; (3) Report on DSM cost recovery; (4) DSM cost adjustment factor report; and (5) the Company's 2027 DSM Plan.

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

- The Company's 2025 DSM Tracker account;
- The incentive of $238,654 earned for 2025 program performance;
- The proposed 2027 electric DSM Adjustment Factor of $0.000441 per kWh; and
- The proposed 2027 DSM Plan.

PETITION

I. 2025 DSM RESULTS AND EARNED INCENTIVE

A. Executive Summary

Demand Side Management (DSM) 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 2025, we achieved over 5.3 GWh of energy savings. Our total actual expenditures of $862,793 exceed the filed budget, but within the Commission approved budget flexibility.[1]

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.[2] 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 several years.

Table 1 – Cross Subsidization Review

	Percent of Spend (excl. Planning)		Percent of kWh		Percent of Recovery	
Year	Residential	Business	Residential	Business	Residential	Business
2021	33%	67%	42%	58%	37%	63%
2022	61%	39%	40%	60%	37%	63%
2023	81%	19%	76%	24%	37%	63%
2024	65%	35%	29%	71%	37%	63%
2025	60%	40%	28%	72%	38%	62%

C. Program Achievement

To evaluate the cost-effectiveness of our portfolio for 2025, we looked at the Total Resource Cost (TRC) ratio, which compares total benefits to total costs of the portfolio. If a program or portfolio has a TRC ratio above one, it is considered cost-effective since

[1] Docket EL13-015, Commission Order December 3, 2013.
[2] The Commission requested the Company provide a cross-subsidization table in Docket No. EL17-019 during the December 5, 2017 Hearing.

the benefits outweigh the costs. As shown in the table below, the 2025 portfolio demonstrated a TRC Ratio of 2.36.

Table 2 provides a breakdown of 2025 achievements by program. A full executive summary, which includes both a comparison of 2025 targets versus actuals and cost-effectiveness test results, is provided as Attachment A.

Table 2 – 2025 Actual Achievements
Executive Summary Table

	Electric Participants	Electric Budget	Generator kW	Generator kWh	TRC Ratio
Business Segment					
Lighting Efficiency	140	$310,298	601	3,887,928	1.75
Business Saver's Switch	34	$23,413	46	65	2.44
Peak and Energy Control	0	$11,968	0	0	0.00
Business Segment Total	**174**	**$345,680**	**648**	**3,887,993**	**1.75**
Residential Segment					
Home Lighting	9,147	$187,851	177	1,482,154	3.01
Residential Demand Response	1,166	$296,454	1,276	1,515	4.70
Consumer Education	30,000	$23,875	0	0	0.00
Residential Segment Total	**40,313**	**$508,180**	**1,453**	**1,483,669**	**3.67**
Planning Segment					
Regulatory Affairs	0	$8,934	0	0	0.00
Planning Segment Total	**0**	**$8,934**	**0**	**0**	**0.00**
PORTFOLIO TOTAL	**40,487**	**$862,793**	**2,100**	**5,371,662**	**2.36**

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.

D. DSM Incentive Report – Calculation Inputs

The Company submits the following 2025 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	$795,514
Actual Spend	$862,793

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 **$795,514 x 30% = $238,654**.

This incentive is accounted for in the Company's 2025 DSM Tracker included in Attachment B.

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, 2025 program activity and results as well as any changes we anticipate for 2027. Included in this plan is a proposal to add a new residential Heating Ventilation and Air Conditioning (HVAC) program.

A. Business Portfolio

1. Business Lighting

The Business Lighting program offers rebates to encourage business customers to install energy-efficient LED (light-emitting diode) lamps and fixtures that would have otherwise not been purchased. These incentives are designed to reduce up-front customer costs associated with energy-efficient lighting while delivering measurable energy savings over the useful life of the equipment. The Business Lighting program includes rebates for retrofit and new construction projects, as well as custom incentives for qualifying equipment not included in the prescriptive offerings. A list of lighting measures offered in the last few years and proposed for 2027 is provided as Attachment F.

a. 2025 Program Activity and Results

The Business Lighting program exceeded its 2025 energy savings goal due to strong customer participation across the program's available offerings, including retrofit, new construction, and custom lighting incentives. This mix of project types produced higher-than-forecasted savings, with program spending aligned with the level of achievement.

b. 2027 Proposed Changes

Based on customer requests, the Company is proposing to add troffers to the rebate offerings for the program in 2027.

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 switches operated remotely via wireless signals. Control periods occur as a result of (1) direction from the Midcontinent Independent System Operator (MISO), (2) if the Company determines that the reliability of the system is endangered, or (3) if there is an economic decision to reduce load in particular areas. A minimum of one control event per cooling season is required by MISO. Customers opt-in to the program. The program is marketed using direct mail, email, and by our customer representatives at our Business Solutions Center.

a. 2025 Program Activity and Results

The Business Saver's Switch program spend and achievements were both slightly lower than targets. Participation was close to forecasted. Participation included a mix of new customer installations as well as maintenance replacements for switches that had exceeded their lifetime. The Company held five control events in 2025. Events were initiated to help stabilize the electrical grid.

b. 2027 Proposed Changes

The Company will continue implementing program changes previously approved for 2026[3], replacing outdated switches outside the DSM plan.

[3] Docket EL25-020, Commission Order December 16, 2025.

3. Electric Rate Savings (Peak Controlled Rates and Energy Controlled Rates)

The Electric Rate Savings (ERS) program is offered to any business customer that can reduce their electrical demand by 50 kW during control periods. These control periods can be initiated any day throughout the year at any time of the day. In return for their load availability, business customers receive a monthly discount of up to 50 percent on their electrical demand charges over the entire year.

Two conditions would result in customer load curtailment for ERS: (1) If MISO directs the Company to curtail electrical load to help maintain stability in the MISO territory as whole, or (2) if the Company determines that the reliability of the system is endangered.[4]

ERS is promoted directly to business customers through Xcel Energy's Account Management and Business Solutions Center teams.

a. 2025 Program Activity and Results

In 2025, the ERS program did not add any new incremental participants. Program costs were for administration and application maintenance, as the Company maintains the notification system used for both the notification test and MISO events. The program also utilized funding beyond its planned budget to support expanded customer outreach and education efforts, with a focus on preparing participants for the potential increase in future control event frequency.

The program had 15 events in 2025, consisting of a mix of Energy Control and Peak Control Service activations. Events occurred primarily between June and September, with one additional event in early October. In addition, an annual communications notification test was conducted. This test does not require participants to curtail load and is used to verify customer contact information, ensuring that the appropriate phone numbers, email addresses, and contacts are reached to support compliance during actual curtailment events.

Additional costs were incurred in 2025 as the Company incorporated enhancements to its internal Power BI dashboard. This dashboard, which displays program customers, interruptible groups, controllable loads, firm demands, and other information, is used to enhance program organization and tracking.

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[4] The need can be identified by Commercial Operations, Transmission, or Distribution. Reliability of the system could mean many things and take different circumstances and is not tied to a specific level of demand. In general, if there is a large concern about meeting firm load obligations with expected capacity, we can call on these programs to preserve firm load and we may call on these programs prior to the imminent loss of firm loads.

b. 2027 Proposed Changes

The Company is not proposing any changes for the program in 2027.

4. HVAC+R

The Company launched the HVAC+R program as part of the 2026 plan, targeting customers who are looking to upgrade their mechanical systems. The program provides rebates to customers installing direct expansion (DX) rooftop units (RTUs) that exceed current cooling efficiencies in the market. The rebates help reduce the incremental cost of the new, higher-efficiency equipment and reduce the payback timeframe for the equipment.

Table 3 – Efficiency Criteria Used to Determine Equipment Eligibility

Unit Size	SEER2[5]	EER2
DX Units <5.4 tons	13.5	11.4
Unit Size	IEER	EER
DX Units 5.4 - 11.3 tons	14.7	11.0
DX Units 11.4 - 19.9 tons	14.1	10.8
DX Units 20 - 63.3 tons	13.1	9.8
DX Units ≥ 63.3 tons	12.4	9.5

A customer cooling rebate calculator is available on our website[6] to estimate potential rebate amounts. The HVAC+R Program is primarily marketed through our Account Managers, Business Solutions Center, and Trade Relations Manager.

a. 2025 Program Activity and Results

The program launched in 2026, so there were no results for 2025.

b. 2027 Proposed Changes

The baseline used to calculate the Company's energy savings for DX units was updated for this plan in to align with Minnesota offerings. This required older historical data to be removed from the projected project results, reducing the overall savings potential projected in 2027 than in 2026. Equipment efficiency standards and customer rebate calculations remain the same.

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[5] SEER2/EER2 testing requirements only pertain to units below 5.4 tons.
[6] HVAC-R | Lighting and Equipment Rebates | Business Services | Xcel Energy

The Company is adding prescriptive rebates for variable frequency drives (VFD). This rebate has shown strong market demand in other states, as VFDs are used across a wide range of commercial and industrial sectors to reduce energy consumption on motors that drive pumps, fans, blowers, compressors, and conveyors. These rebates will be available for VFDs installed on centrifugal pumps and fans that automatically adjust speed to account for system conditions. These fans and pumps must run for more than 100 hours each year and must not be used exclusively for soft start purposes.

Table 4 – Prescriptive Rebates for VFDs (1-200 HP)

VFD Horsepower (HP)	$ Rebate
1 HP	$ 300.00
1.5 HP	$ 300.00
2 HP	$ 300.00
3 HP	$ 300.00
5 HP	$ 450.00
7.5 HP	$ 562.50
10 HP	$ 750.00
15 HP	$ 937.50
20 HP	$ 1,200.00
25 HP	$ 1,500.00
30 HP	$ 1,800.00
40 HP	$ 2,250.00
50 HP	$ 2,625.00
60 HP	$ 3,000.00
75 HP	$ 3,750.00
100 HP	$ 4,500.00
125 HP	$ 5,250.00
150 HP	$ 5,250.00
200 HP	$ 6,000.00

B. Residential Portfolio

1. Home Lighting

The Home Lighting program offered discounted prices on light emitting diode (LED) bulbs. Energy efficient lights are an easy and low-cost way for residential and small business customers to save energy and lower their monthly electric bills. The Company promoted the Home Lighting program through a variety of channels including bill onserts, emails, and point of purchase displays.

a. 2025 Program Activity and Results

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

Table 5 – 2025 Actual Average Residential LED Rebate Amounts

Type of Bulb	Average Rebate Amount
LED Bulb – GSL	$1.41
LED Bulb – Non GSL Specialty	No rebates issued
LED Bulb – Linear Tube	No rebates issued
LED Connected Lighting	No rebates issued
LED Nightlight	$1.99

Because participating manufacturers and stores did not offer other types of bulbs, or, the selection was limited, the Company only offered rebates on General Service Lamps (GSLs) and nightlights in 2025.

The program exceeded the participation, energy savings, and spend targets. The program exceeded its goals as sales performance was strong and consistent across key warehouse and discount retailers. Additionally, the program delivered an average rebate of just $1.43 per bulb, demonstrating efficient incentive spending while driving strong sales results.

The number of residential versus business bulbs sold is provided in the table below.

Table 6 – Home Lighting Achievement

Type of Customer	Number of LED Bulbs Sold	Percent of Bulbs	Rebate Total
Residential	96,134	94%	$151,270
Business (Generally Small Business)	5,906	6%	$9,152

b. 2027 Proposed Changes

The Company discontinued this program at the end of 2025.

2. Residential Demand Response

The Company offers two demand response products to our residential customers under the Residential Demand Response program: Saver's Switch® and AC Rewards. The products utilize central air conditioners to reduce system load during demand peaks. Both offerings are promoted primarily via email, direct mail, and our customer care organization. For Saver's Switch and AC Rewards, customers must opt-in to the program to participate.

Saver's Switch offers a seasonal bill discount to customers who agree to allow the Company to remotely control the customer's 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) provides another option for customers to participate in residential demand response in addition to Saver's Switch, expanding the scale of controllable load for the Company. The program differs from Savers Switch in that instead of controlling the AC compressor duty cycle, AC Rewards directly reduces load through a temporary temperature offset through the thermostat.

AC Rewards requires customers to "Bring Your Own Thermostat (BYOT)," which means that any customer who has eligible HVAC equipment, such as a central air conditioner, and a qualifying thermostat is eligible to participate. Customers receive a one-time incentive for enrolling their qualifying device in AC Rewards and an annual incentive for every year they remain on the offering. For customers who do not have a qualifying thermostat, but have eligible HVAC equipment, they can receive a discount for purchasing and installing an ENERGY STAR® rated thermostat that is AC Rewards eligible.

Table 7 – Residential DR Incentives by Offering

Measure Offerings	Incentives
Saver Switch for AC	$10 monthly discount off electric charges from June through September
Saver Switch for Water Heaters	$2 monthly 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

Control periods occur as a result of (1) direction from MISO, (2) if the Company determines that the reliability of the system is endangered, or (3) if there is an economic decision to reduce load in particular areas. The Company will complete any test events as required by MISO.

a. 2025 Program Activity and Results

In 2025, the Residential Demand Response program achievements and expenditures were both below targets. In all, the Company installed more than 900 new Saver's Switches via a combination of new participants and replacements of existing installations that have outlived their useful life. The Company also enrolled approximately 250 thermostats into AC Rewards and saw an additional 123 net participants in the program in 2025.

The Saver's Switch and AC Rewards products held five control events in 2025. Events were initiated to help stabilize the electrical grid. The Company continues to plan for the execution of a minimum of one control event per year.

b. 2027 Proposed Changes

The Company proposes to continue program changes previously approved for 2026[7], which included replacing outdated switches outside the DSM plan.

3. Residential HVAC Rebates

For 2027, the Company proposes to add Residential HVAC Rebates as a new program offering. The Residential HVAC Rebates program will provide rebates to residential customers who purchase and install qualifying high-efficiency HVAC equipment and controls. Only new equipment installations are eligible for rebates. Equipment must meet applicable minimum efficiency requirements and Company-approved eligibility criteria, noted below.

[7] Docket EL25-020, Commission Order December 16, 2025

Table 8 – Proposed Measure Offerings & Incentives

Measure Offerings	Incentives
Installation Air Conditioner 15.2 SEER2	$350
Non-ducted Mini-Split Heat Pump	$400
High Efficiency Heat Pump Hot Water Heater	$400
Smart Thermostat	$50 incentive for installing a qualifying smart thermostat

Proposed Measure Eligibility Requirements:

- Air Conditioner 15.2 SEER2 rebates are available to customers replacing existing electric central cooling equipment.
- Non-ducted Mini-Split Heat rebates are available to customers replacing electric resistance heating equipment.
- High Efficiency Heat Pump Hot Water Heater rebates are available to customers replacing electric resistance water heating equipment.
- Smart Thermostat rebate eligibility requires either existing electric heating and/or electric central cooling equipment in addition to qualifying Smart Thermostat meeting applicable program requirements. For the Smart Thermostat rebate, customers must reside in a single-family home, duplexes, triplexes or quadplexes. Condos and apartment buildings do not qualify for this rebate. The Company will publish a list of eligible Smart Thermostat models.

High efficiency heat pump hot water heaters, offered previously as a standalone measure, are valuable tools for reducing customers' energy usage; however, as a stand-alone offering, participation did not historically exceed the level required to offset fixed program administration costs. By including this measure in a program with other measures, the Company believes it can distribute those fixed costs more effectively and ensure a cost-effective program.

The Company will promote the program through contractor engagement, the Company website, targeted communications, and rebate processes. An online application platform will be available for rebate submissions for both customers and contractors.

C. Other Programs & Activities

1. Consumer Education

The Consumer Education program creates awareness of energy efficiency 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 by meeting customers at events and via digital channels. These opportunities provide direct messaging outreach to customers. On-site community engagement at local events allows the Company's brand ambassadors to have direct conversations with customers, allowing them to ask questions and learn more about their energy use. Customized digital outreach allows customers to explore resources on their own time.

The program's primary focus at community events is to engage with customers one-on-one to discuss ways they can save energy and money utilizing Xcel Energy's tools and resources. The program continues to explore digital marketing opportunities to meet customers where they are by investing in paid custom marketing campaigns via Apogee, a monthly email to customers educating them on their bill along with energy and money-saving tips.

a. 2025 Program Activity and Results

In 2025, the Company sponsored and participated in two milestone events in our service territory:

February 21-23, 2025 –
Sioux Falls Empire Home Show, Sioux Falls Convention Center, Sioux Falls, SD

The Company engaged with nearly 3,500 customers at this show and distributed 2,540 LED bulbs while driving messaging around home-energy saving tips and program messaging. This show is an ideal event to deliver our home energy-saving messaging. The event attracted 8,000 people.

September 6, 2025 –
Sioux Falls Sidewalk Arts Festival, Sioux Falls, SD

The Company engaged with approximately 2,500 customers and distributed 1,907 LED bulbs to customers. With approximately 25,500 visitors attending this event, this is a great opportunity to engage with customers.

Participation tracked above target while spending was just over the filed budget.

b. 2027 Proposed Changes

The Company is not proposing any changes to the program in 2027.

2. Regulatory Affairs

The Regulatory Affairs budget supports the administration of DSM regulatory filings, including:

- Providing procedures and policies for effectively addressing requirements and complying with the DSM regulatory process;
- Preparing the cost-benefit analysis and cost recovery reports; and
- Providing results of DSM achievements.

The budget covers non-direct program labor for activities including developing onserts and responding to regulatory requests.

a. 2025 Program Activity and Results

Spending in 2025 was below target.

b. 2027 Proposed Changes

The proposed budget for 2027 has been reduced, relative to the 2026 Plan, to better align with historical spend.

3. Trade Partner Engagement

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.

Trade partner support is conducted through email, Teams meetings, program related webinars, Account Managers and Business Solutions Center 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. The Business Solution

Center representatives also play a key role in supporting the smaller trade partner companies who need assistance with project and paperwork related questions.

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 trainings on an as-needed basis.

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. This section reports the actual 2025 spending and cost recovery as well as the Company's carrying charge rates.

In 2025, the actual portfolio spend was $862,793. This amount is above our approved budget of $795,514 but falls within the ten percent spend flexibility granted by the Commission.[8] In addition to DSM expenses, the Company is requesting recovery of $238,654 in financial incentive earned for our 2025 DSM performance for total recovery of $1,101,448.

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

- Calculations of the Carrying Charge Rates in 2025 and found in the 2025 Tracker; and
- Xcel Energy's 2025 DSM Tracker, which documents monthly DSM expenditures and recovered costs.

IV. DSM COST ADJUSTMENT FACTOR

The current DSM Cost Adjustment Factor of $0.000427 per kWh was implemented on January 1, 2026.[9] The Company requests a new DSM Cost Adjustment Factor of $0.000441 per kWh to be effective with the first billing cycle of January 2027 and to remain in effect through December 2027 or until the Commission approves a new DSM Cost Adjustment

[8] 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)
[9] Docket EL25-020, Commission Order December 16, 2025.

Factor. This is an increase of $0.000014 per kWh compared to the previous DSM Cost Adjustment Factor. This increase was due to higher-than-expected spending in 2026.

If Commission approval of the proposed adjustment is delayed beyond the timeframe needed to implement the rate change by January 1, 2027, the Company will continue to apply the current DSM Cost Adjustment of $0.000427 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 2027. It is based on the forecasted December 2027 unrecovered balance in the Company's DSM Tracker account. This 2027 forecasted balance is based on the forecasted January beginning balance, projected expenditures and the forecasted incentive. The inputs and calculation are shown below.

Supportive documentation for this rate change request, some of which falls under the category of confidential data, is provided as Attachments C1-C4 of this filing and includes:

- Information specified in South Dakota Administrative Rule 20:10:13:26 regarding the updated DSM Cost Adjustment Factor;
- Forecasted 2026 and 2027 DSM Trackers reflecting the forecasted cost recovery with the current and proposed rates;
- Proposed bill onsert notice; and
- Proposed updated tariff sheet in both redlined and clean versions.

[CONFIDENTIAL DATA BEGINS HERE

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, 2027 – December 31, 2027 period. This rate of **[CONFIDENTIAL DATA BEGINS HERE CONFIDENTIAL DATA ENDS HERE]** would result in a negative balance. To get as close to a possible $0 balance by December 31, 2027, the rate was incrementally decreased to reflect future inclusion of carrying charges, until the balance approached $0 without going negative. The resulting rate is **$0.000441 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 costs. We will combine in 2027 if timing of each filing allows the ability to do so.

V. 2027 Proposed DSM Plan Summary

This section includes a summary of our proposed 2027 Plan. Our Plan for 2027 is to continue to provide customers with energy efficient options and rebates to help them manage future energy bills. Table 9 summarizes our proposed targets and provides updated cost-effectiveness results by program. The total portfolio has a passing TRC Ratio of 2.01. A full executive summary, which includes all cost-effectiveness test results, is provided as Attachment E.

Table 9 – Proposed 2027 DSM Plan
Executive Summary

	Electric Participants	Electric Budget	Generator kW	Generator kWh	TRC Ratio
Business Segment					
Lighting Efficiency	137	$227,803	430	2,894,314	2.03
Business Saver's Switch	18	$25,240	38	219	2.56
Peak and Energy Control	3	$12,200	929	53,161	53.64
HVAC+R	170	$176,184	263	1,360,755	1.33
Business Segment Total	**328**	**$441,427**	**1,659**	**4,308,448**	**2.12**
Residential Segment					
Residential HVAC	253	$106,250	72	152,019	1.05
Residential Demand Response	425	$228,775	416	562	2.50
Consumer Education	30,000	$25,000	0	0	0.00
Residential Segment Total	**30,678**	**$360,025**	**488**	**152,581**	**1.67**
Planning Segment					
Regulatory Affairs	0	$11,000	0	0	0.00
Planning Segment Total	**0**	**$11,000**	**0**	**0**	**0.00**
PORTFOLIO TOTAL	**31,006**	**$812,452**	**2,148**	**4,461,030**	**2.01**

CONCLUSION

In summary, the Company respectfully requests that the Commission approve:

- The Company's 2025 DSM Tracker account;
- The incentive of $238,654 earned for 2025 program performance;
- The proposed 2027 electric DSM Adjustment Factor of $0.000441 per kWh; and
- The proposed 2027 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: July 31, 2026

Xcel Energy

By: ______________________________

Steve Kolbeck
Director, State Affairs & Business Relations – South Dakota

Service of Filings

We request that communications regarding this Application be directed to:

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