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August 17, 2021

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

–Via Electronic Filing–

Re: QUARTERLY REPORT
DEFERRED TREATMENT OF THE FINANCIAL EFFECTS OF COVID-19
AND THE CREATION OF REGULATORY ASSETS
DOCKET NO. GE20-002

Dear Ms. Van Gerpen:

Northern States Power Company, doing business as Xcel Energy, submits this report for second quarter 2021 providing information regarding the Company's tracking of related expenses and cost offsets as well as disconnection activity and bill payment arrearages resulting from the effects of COVID-19, pursuant to the South Dakota Public Utilities Commission's August 19, 2020 ORDER GRANTING JOINT REQUEST FOR DEFERRED ACCOUNTING TREATMENT OF THE FINANCIAL EFFECTS OF COVID-19 AND CREATION OF REGULATORY ASSETS (Order) in the above-noted docket.

Ordering Paragraph 3 requires that:

> *In instances where a Petitioner intends to include COVID-related cost increases in addition to incremental bad debt in its regulatory asset, it must also include an account of all COVID-related cost decreases and, if applicable, all benefits received related to the pandemic (federal and other) in the regulatory asset as well.*

Ordering Paragraph 4 requires that:

> *The Petitioners will provide, on a quarterly basis, updates regarding all known and estimated cost increases and decreases and revenue increases and decreases it plans to include in its regulatory asset. These updates are required until there are no changes to report regarding the balance of the regulatory asset.*

Ordering Paragraph 5 requires that:

> *The Petitioners will provide, on a quarterly basis, status updates regarding, at a minimum, the number of customers that have been disconnected, number of customers that are in arrears at the time the quarterly report is submitted, the total amount of arrears associated to the number of customers reported, and payment arrangements that have been made with its customers, including number of payment arrangements made, average length of payment arrangements, and total dollar amounts associated with such payment arrangements. The updates shall include both quarterly and cumulative information, if available, and be required until utilities are no longer tracking bad debt associated with COVID-19.*

We address the Order requirements below.

A. COVID-19 Related Costs and Offsets

Through the second quarter of 2021, we have recognized additional bad debt expense related to COVID-19 for expected uncollectible accounts of approximately $1,165,000 for the South Dakota jurisdiction, as noted in Attachment A.

The Company does not intend to seek recovery of COVID-19 related cost increases outside of the incremental bad debt expense. Thus, pursuant to Ordering Paragraphs 3 and 4, the Company has removed from this quarterly report information on COVID-related cost increases and decreases and will omit that information from future quarterly reports in this proceeding.

In discussions with Commission Staff, we committed to providing information regarding sales variations determined to be resulting from the effects of the pandemic. Based on those discussions, we provide a comparison of Residential and Commercial & Industrial MWh weather-normalized sales through June 30, 2021 using 2019 weather normalized sales as a baseline in Attachment B. We provide a comparison of 2021 weather-normalized revenues through June 30, 2021 for all customer classes to 2019 weather-normalized revenues in Attachment C. We will continue to track the sales variations relative to our weather-normalized sales in 2019 in our next report. As discussed with Staff, we understand that inclusion of these sales impacts for tracking purposes does not mean that Staff agrees a future adjustment to rates is reasonable at this time, and that Staff may determine an alternative approach may be more appropriate in the future if rate recovery is determined to be appropriate.

B. Service Disconnection Activity

For the timeframe of the most recent quarter ending June 30, 2021, the Company has performed 640 service disconnections. Of these, 627 were residential meters and 13 were non-residential meters. Cumulatively, for the third and fourth quarters of 2020 and the first two quarters of 2021, the Company performed 974 total residential disconnections and 19 total non-residential disconnections.

C. Customer Payment Arrangement Plans

Below, we provide information regarding payment arrangement counts, length and total associated dollar amounts for second quarter 2021, and cumulative amounts beginning third quarter 2020.

Table 1
Q2 2021 Customer Payment Arrangements

Class	Count	Average Length in months *	Arranged Value
Residential	2,322	5	$2,164,641
C&I, Industrial, Government	46	2	$106,195
Total	**2,368**	**5**	**$2,270,836**

Table 2
Combined Q3 2020 – Q2 2021 Customer Payment Arrangements

Class	Count	Average Length in months *	Arranged Value
Residential	9,286	5	$6,777,322
C&I, Industrial, Government	198	2	$656,224
Total	**9,484**	**5**	**$7,433,546**

* Average of all arrangements combined for noted timeframe.

D. Accounts Receivable Aging, By Class (Bad Debt)

In general, we recognize commodity bad debt expense through a combination of: (1) estimating an amount of accounts receivable reserve (or provision) associated with outstanding account receivables by aging bucket that will be unrecoverable; and, (2) writing off uncollectible accounts not previously reflected in this reserve.

We allocate bad debt expense to our electric and natural gas operations consistent with the process by which debt is written off. Total bad debt expense is assigned at a

Total NSPM Operating Company level, because customer payments and write-offs are recorded to the customer's overall account – not separately for electric and gas service. Therefore, because we have combined electric and gas customers who pay for utility service on an integrated basis, the bad debt expense is also integrated at a customer account level. See Table 3 below for Total NSPM Company accounts receivable aging detail as of June 30, 2021. Total bad debt expense is allocated to jurisdiction based on revenues, of which approximately 5.2 percent is assigned to the South Dakota jurisdiction.

Table 3
Total NSPM Company (Electric and Gas)
Commodity Accounts Receivable Aging by Customer Class ($s)
Includes Active and Inactive Accounts as of June 30, 2021

Class	Current	1-30 days past due	31-60 days past due	61-90 days past due	90+ days past due	Total
Residential	114,500,370	14,819,446	9,721,979	9,962,540	60,426,576	209,430,911
Commercial	45,068,350	2,225,540	832,669	694,030	2,792,447	51,613,035
Industrial	72,875,239	7,069,336	306,800	93,478	590,530	80,935,383
Others*	2,087,926	146,677	8,762	4,076	92,288	2,339,729
Total	234,531,885	24,260,999	10,870,209	10,754,123	63,901,842	344,319,058

*Includes Non Energy, Gas Transportation, and State/Government

We will serve parties on the attached service list via e-mail concurrent with this submission. If you have any questions, please feel free to contact me at 605-339-8350.

Sincerely,

Steve Kolbeck

Steve T. Kolbeck
Principal Manager
NSPM South Dakota Jurisdictional Management

Attachments

c: Service List (via e-mail)