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November 4, 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 third 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 third quarter of 2021, we have recognized additional bad debt expense related to COVID-19 for expected uncollectible accounts of approximately \$1,230,895 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 not included this information in the quarterly report.

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 September 30, 2021 using 2019 weather normalized sales as a baseline in Attachment B. We provide a comparison of 2021 weather-normalized revenues through September 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 September 30, 2021, the Company has performed 613 service disconnections. Of these, 599 were residential meters and 14 were non-residential meters. Cumulatively, for the third and fourth quarters of 2020 and the first three quarters of 2021, the Company performed 1,573 total residential disconnections and 43 total non-residential disconnections.

C. Customer Payment Arrangement Plans

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

Table 1
Q3 2021 Customer Payment Arrangements

Class	Count	Average Length in months *	Arranged Value
Residential	3,606	5.3	\$2,805,052
C&I, Industrial, Government	43	1.8	\$306,493
Total	3,649	5.3	\$3,111,545

Table 2
Combined Q3 2020 – Q2 2021 Customer Payment Arrangements

Class	Count	Average Length in months *	Arranged Value
Residential	12,892	5.2	\$9,375,429
C&I, Industrial, Government	241	2.2	956,296
Total	13,133	5.1	10,331,725

* 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 September 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 September 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	112,367,941	24,191,237	14,390,240	8,965,367	50,869,235	210,784,020
Commercial	49,790,458	3,118,989	1,008,494	570,349	2,325,546	56,813,836
Industrial	71,619,853	7,866,207	292,176	75,791	600,927	80,454,955
Others*	2,441,991	76,908	18,074	2,157	56,192	2,595,322
Total	236,220,243	35,253,341	15,708,983	9,613,664	53,851,901	350,648,132

*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 T. Kolbeck
 Principal Manager
 NSPM South Dakota Jurisdictional Management

Attachments

c: Service List (via e-mail)

COVID-19 Related Bad Debt Expense as of September 30, 2021

	Actual Expense	Baseline Amount	Regulatory Asset / (Liability)	Short Description and Methodology Used
Uncollectible Accounts Expenses (Mar 13-Dec 31, 2020)	\$1,216,541	\$475,136	\$741,405	Actual bad debt expense compared with 2013 Test Year in Docket No. EL14-058. Annual authorized (baseline) bad debt expense of \$584,836 prorated by month based on annual budgeted revenues.
Uncollectible Accounts Expenses (Jan 1-Sept 30, 2021)	\$939,264	\$449,774	\$489,490	
Total Incremental Bad Debt Expense			\$1,230,895	

South Dakota Monthly MWh Sales for 2019-2021

Residential MWh Sales (Weather Normalized)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2019	71,236	60,361	62,383	49,284	54,506	68,375	79,963	71,728	55,241	57,331	54,281	69,259	753,947
2020	72,404	61,371	58,233	51,991	56,676	64,389	77,213	72,001	59,737	55,344	58,995	70,859	759,213
2021	73,448	62,904	60,182	51,566	55,707	67,952	78,872	76,523	62,062				589,216
Ch 2020v19	1,168	1,009	(4,150)	2,708	2,170	(3,986)	(2,750)	273	4,497	(1,987)	4,714	1,599	5,266
Ch 2021v19	2,212	2,543	(2,201)	2,282	1,201	(423)	(1,091)	4,795	6,821				16,140

C&I MWh Sales (Weather Normalized)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2019	108,204	96,959	117,179	106,191	114,321	123,044	134,924	131,163	104,263	125,246	104,833	104,908	1,371,233
2020	116,114	100,365	110,827	87,336	96,753	111,232	134,495	126,311	112,241	111,115	105,501	107,859	1,320,150
2021	109,124	95,206	108,079	100,653	112,296	121,383	135,209	130,840	118,327				1,031,117
Ch 2020v19	7,910	3,407	(6,352)	(18,856)	(17,568)	(11,812)	(429)	(4,852)	7,978	(14,130)	669	2,951	(51,083)
Ch 2021v19	920	(1,753)	(9,100)	(5,538)	(2,025)	(1,661)	285	(323)	14,064				(5,130)

2020 and 2021 South Dakota Sales Revenue Comparisons to 2019

2020 Weather Normalized vs 2019 Weather Normalized (\$000s)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
Residential	85	73	(302)	200	161	(337)	(237)	23	385	(152)	347	117	363
C&I	265	115	(214)	(633)	(591)	(400)	(15)	(164)	267	(475)	22	99	(1,722)
PSHL	(5)	(14)	(19)	(5)	(0)	3	1	(5)	(5)	(5)	10	(22)	(67)
Total	345	174	(535)	(438)	(430)	(734)	(250)	(145)	647	(632)	379	193	(1,426)

2021 Weather Normalized vs 2019 Weather Normalized (\$000s)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
Residential	161	183	(160)	169	89	(36)	(94)	412	583				1,306
C&I	31	(59)	(306)	(186)	(68)	(56)	10	(11)	471				(175)
PSHL	(19)	(30)	62	(72)	19	6	1	(4)	(7)				(42)
Total	173	93	(404)	(89)	40	(86)	(83)	397	1,048	-	-	-	1,089