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March 5, 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 fourth quarter 2020 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 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 understand that for the duration of this proceeding, reports will be due 30 days after the end of each respective quarter. We address the various Order requirements below.

A. COVID-19 Related Costs and Offsets

Through the fourth quarter of 2020, incremental costs related to COVID-19 have included various categories of operating costs, including recognition of additional bad debt expense for expected uncollectible accounts of approximately $741,000 for the South Dakota jurisdiction, and incremental non-labor expenses primarily related to cleaning/sanitizing, physically distancing, safety materials, and costs to support remote work for a total year-to-date impact of approximately $187,000 for the South Dakota jurisdiction. These amounts are preliminary and may be revised pending additional review. Finally, the Company may see additional categories of cost increases as the pandemic continues.

Preliminarily, the Company has also noted certain categories of reduced costs to date that can be directly attributed to actions taken in response to COVID-19. This includes reduced company travel and other employee expenses during periods of state stay-at-home restrictions and remote work requirements for non-essential employees. The Company estimates the South Dakota jurisdictional share of these savings to be approximately $580,000, which are included as offsets to the incremental costs provided in Attachment A to this filing.

As noted in our last report, we intend to provide information regarding sales variations determined to be resulting from the effects of the pandemic. However, before we begin including specific data, we believe it would be most appropriate to first work with Commission Staff to determine the methodology for analyzing the COVID-19 related impacts on sales. We plan to reach out to Staff in the coming weeks to discuss potential methodologies.

A summary of the incremental costs incurred as well as any offsetting impacts is provided in Attachment A.

B. Service Disconnection Activity

For the timeframe of the most recent quarter ending December 31, the Company has performed 95 service disconnections. Of these, 94 were residential meters and 1 was a non-residential meter. Cumulatively for the third and fourth quarters of 2020, the Company performed 347 total residential disconnections and 13 total non-residential disconnections.

C. Customer Payment Arrangement Plans

Please note that in the process of compiling the requested information for this report, we determined there is an issue with the business systems program used in querying customer payment arrangement data, in that the software is pulling totals while also adding in new billing amounts while the arrangement is still active. This issue does not affect the timeline for a customer's payment arrangement or the amount they have originally agreed to pay in our billing system; rather, the issue impacts reporting of the agreed-upon amounts. The Company continues to work through a resolution of this issue in our billing system to rectify reporting the total arrangement amount on accounts.

We will provide third and fourth quarter 2020 information regarding number of payment arrangements, average length of arrangements, and total associated dollar amounts as soon as we have resolved the systems query issue. In the meantime, we submit this report in the interest of providing the balance of the information required by the Order.

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 1 below for Total NSPM Company accounts receivable aging detail as of December 31. 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 1
Total NSPM Company (Electric and Gas)
Commodity Accounts Receivable Aging by Customer Class ($s)
Includes Active and Inactive Accounts as of December 31, 2020

Class	Current	1-30 days past due	31-60 days past due	61-90 days past due	90+ days past due	Total
Residential	106,605,488	17,901,850	9,865,440	11,230,054	53,367,901	198,970,733
Commercial	40,949,800	2,661,266	659,859	633,327	2,158,042	47,062,295
Industrial	50,315,271	6,302,681	1,083,960	266,983	586,195	58,555,090
Others*	1,844,312	96,458	26,880	2,646	52,405	2,022,700
Total	199,714,871	26,962,256	11,636,138	12,133,009	56,164,544	306,610,818

*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

Encls
c: Service List (via e-mail)