

Supporting Documentation for Updated DSM Cost Adjustment Factor

The following is information specified in South Dakota Administrative Rule 20:10:13:26 regarding the updated DSM Cost Adjustment Factor:

(1) Name and address of the public utility;

Xcel Energy
500 West Russell Street
Sioux Falls, South Dakota 57104
(605) 339-8350

(2) Section and sheet number of tariff schedule;

Xcel Energy proposes to update DSM Rate tariff sheet number 73 in Section 5 of the Xcel Energy South Dakota Electric Rate Book. Pages 6-9 of this attachment include the proposed tariff sheets with the updated DSM Rate.

(3) Description of the change;

The proposed updated DSM Rate is designed to true up the cost recovery, which is over our forecasted budget in the time period of 2017-2018 timeframe, as well as recover all forecasted 2019 DSM expenditures and incentives.

(4) Reason for the change;

As proposed in the South Dakota DSM Plan and described in the DSM Cost Adjustment Factor tariff sheet, the Company plans to update the DSM Cost Adjustment Factor on an annual basis in the May 1 Status Report filing. The updated DSM Rate is designed to true up any over-recovery or under-recovery that exists in the tracker as well as recover the forecasted DSM expenditures and incentives for the upcoming year.

(5) Present rate;

Pursuant to the Commission's December 21, 2017 Order,¹ Xcel Energy implemented the approved rate of \$0.000510 per kWh effective January 1, 2018.

¹ Docket No. EL 16-018

(6) Proposed rate;

Xcel Energy requests a new DSM Cost Adjustment Factor of \$0.000464 per customer kWh.

(7) Proposed effective date of modified rate;

Xcel Energy requests this new DSM Cost Adjustment Factor of \$0.000464 per customer kWh become effective with the first billing cycle of January 2019. We request this rate remain in effect through December 2019 or until the Commission approves a new DSM Cost Adjustment Factor.

(8) Approximation of annual amount of increase or decrease in revenue;

This new DSM Cost Adjustment Factor of \$0.000464 per customer kWh is a decrease of \$0.000056 per kWh or nine percent.

(9) Points affected;

The proposed updated DSM Rate would be applicable to all areas served by Xcel Energy in South Dakota.

(10) Estimation of the number of customers whose cost of service will be affected and annual amounts of either increases or decreases, or both, in cost of service to those customers;

The proposed electric tariff will apply to all customers throughout all customer classes as described within the filing. Xcel Energy presently serves just over 93,397 electric customers in 36 communities in eastern South Dakota.

(11) Statement of facts, expert opinions, documents, and exhibits to support the proposed changes.

A narrative for the calculation of the updated rate is included in the DSM Cost Adjustment Factor Report section of this filing. The following pages of this attachment include the forecasted 2018 and 2019 DSM Trackers, which are referenced in the narrative, along with the proposed customer bill onsert message and the proposed updated tariff sheets in both redline and clean versions.

Northern States Power Company State of South Dakota- Electric Utility DSM Cost Recovery & Incentive Mechanism - Total 2018 Forecast														
	2018	January	February	March	April	May	June	July	August	September	October	November	December	Total
	EXPENSES	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
1.	Balance													
2.	DSM Program Expenditures													
3.	Total Incentive (Line 2 * 30%)													
4.	Total Expenditures + Incentive (Line 2 + 3)													
	RECOVERY													
5.	DSM Adjustment Factor (\$/MWh)													
6.	Calendar Month Sales Volume Forecast (MWh)													
7.	Total Cost Recovery (Line 5*6)													
8.	Sub-Balance (Over/Under Recovery) (Line 1 + 4 - 7)													
9.	Accum Deferred Tax (Line 8 *21%)													
10.	Net Investment (Line 8 - 9)													
11.	Carrying Charge Rate													
12.	Carrying Charge (Line 10 * carrying charge)													
13.	13. End of Month Balance (over)/under recovered (Line 8 + 12)													
CONFIDENTIAL DATA ENDS]														

Table E: 2018 DSM Tracker Forecast, With Cost Recovery in 2019

[CONFIDENTIAL DATA BEGINS

CONFIDENTIAL DATA ENDS]

Northern States Power Company
 State of South Dakota- Electric Utility
 DSM Cost Recovery & Incentive Mechanism - Total
 2019 Forecast

2019 EXPENSES	January	February	March	April	May	June	July	August	September	October	November	December	Total
1. Balance													
2. DSM Program Expenditures													
3. Total Incentive (Line 2 * 30%)													
4. Total Expenditures + Incentive (Line 2 + 3)													
RECOVERY													
5. DSM Adjustment Factor (\$/MWh)													
6. Calendar Month Sales Volume Forecast (MWh)													
7. Total Cost Recovery													
8. Sub-Balance (Over)/Under Recovery (Line 1 + 4 - 7)													
9. Accum Deferred Tax (Line 8 * 21%)													
10. Net Investment (Line 8 - 9)													
11. Carrying Charge Rate													
12. Carrying Charge (Line 10 * carrying charge)													
13. End of Month Balance (Line 8 + 12)													

Table 2: 2019 DSM Tracker Forecast, With Cost Recovery in 2020.

CONFIDENTIAL DATA ENDS]

CONFIDENTIAL DATA BEGINS

CONFIDENTIAL DATA ENDS]

Proposed Customer Bill Onsert Language

DSM Cost Adjustment Factor Increase Effective January 1, 2019

Xcel Energy offers a variety of load management and demand side management (DSM) programs to our South Dakota customers to help them reduce their home's usage. The South Dakota Public Utilities Commission has approved a new Demand Side Management (DSM) Cost Adjustment Factor as a separate line item on your monthly electric bill to recover the cost of our load management and DSM programs. Beginning January 1, 2019, the rate factor will decrease from \$0.000510 per kWh to \$0.000464 per kWh.

Residential Electric Service – Winter Month Bill Example

This chart provides a comparison of customer bills by applying the prior DSM rate versus the new DSM rate.

	Prior Rates				New Rates				Amount of Bill Decrease	Percent Decrease
Usage (kWh)	Other Rates	Prior DSM Factor	Prior DSM	Prior Bill	Other Rates	New DSM Factor	New DSM	New Bill		
400	\$53.41	\$0.000510	\$0.20	\$53.61	\$53.41	\$0.000464	\$0.19	\$53.60	(0.01)	-0.02%
500	\$64.71	\$0.000510	\$0.26	\$64.97	\$64.71	\$0.000464	\$0.23	\$64.94	(0.03)	-0.05%
600	\$76.00	\$0.000510	\$0.31	\$76.31	\$76.00	\$0.000464	\$0.28	\$76.28	(0.03)	-0.04%
750	\$92.93	\$0.000510	\$0.38	\$93.31	\$92.93	\$0.000464	\$0.35	\$93.28	(0.03)	-0.03%
1000	\$121.16	\$0.000510	\$0.51	\$121.67	\$121.16	\$0.000464	\$0.46	\$121.62	(0.05)	-0.04%
2000	\$234.07	\$0.000510	\$1.02	\$235.09	\$234.07	\$0.000464	\$0.93	\$235.00	(0.09)	-0.04%

For more information

You may call **800.895.4999** with questions or examine the new rates by visiting our website at **xcelenergy.com/sd rates**.

Legislative

Northern States Power Company, a Minnesota corporation
Minneapolis, MN 55401

PROPOSED

SOUTH DAKOTA ELECTRIC RATE BOOK - SDPUC NO. 2

**DEMAND SIDE MANAGEMENT COST
ADJUSTMENT FACTOR**

Section No. 5
~~5th~~^{6th} Revised Sheet No. 73
Cancelling ~~4th~~^{5th} Revised Sheet No. 73

APPLICATION

Applicable to bills for electric service provided under the Company's retail rate schedules.

RIDER

There shall be included on each customer's monthly bill a Demand Side Management Cost Adjustment, which shall be calculated by multiplying the monthly applicable billing kilowatt hours (kWh) by the Demand Side Management Factor (DSM Factor). This Demand Side Management Cost Adjustment shall be calculated before city surcharge and sales tax.

DETERMINATION OF DSM FACTOR

A DSM Factor shall be calculated by dividing the forecasted balance of the DSM Tracker Account (Tracker), including any True Up, by the Forecasted Retail Sales for the Next Recovery Period. The DSM Factor shall be rounded to the nearest \$0.000001 per kWh.

The DSM Factor may be adjusted annually with approval of the South Dakota Public Utilities Commission (Commission). The DSM Factor is:

All Customers ~~\$0.000510~~^{\$0.000464} per kWh

~~1R~~

DSM Tracker shall include all annual expenses, costs and incentives associated with demand side management programs and that are approved by the Commission. All revenues recovered pursuant to the Demand Side Management Cost Adjustment shall be credited to the Tracker.

Forecasted Retail Sales shall be the estimated total retail electric sales for the Next Recovery Period.

Next Recovery Period shall be that period that begins January 1 and ends December 31 following the Company's most recent May 1 filing.

TRUE-UP

True Up shall include the difference between the revenues received from customers and actual expenditures for the most recent recovery period ending December 31.

A True Up will be included in each annual May 1 filing beginning with the May 1, 2013 filing. The 2012 DSM Factor calculation will not include a True Up due to no previous cost or revenue activity prior to implementation of the Demand Side Management Cost Adjustment in 2012. Beginning with the Company's request submitted on May 1, 2013, the DSM Factor may include a True Up.

Date Filed: ~~05-01-17~~⁰⁵⁻⁰¹⁻¹⁸

By: Christopher B. Clark

Effective Date: ~~01-01-18~~

President, Northern States Power Company, a Minnesota corporation

Docket No. ~~EL17-019~~^{EL18-023}

Order Date: ~~12-21-17~~

Non-Legislative

Northern States Power Company, a Minnesota corporation
Minneapolis, MN 55401

PROPOSED

SOUTH DAKOTA ELECTRIC RATE BOOK - SDPUC NO. 2

**DEMAND SIDE MANAGEMENT COST
ADJUSTMENT FACTOR**

Section No. 5
6th Revised Sheet No. 73
Cancelling 5th Revised Sheet No. 73

APPLICATION

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All Customers	\$0.000464 per kWh
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Date Filed: 05-01-18

By: Christopher B. Clark

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President, Northern States Power Company, a Minnesota corporation

Docket No. EL18-023

Order Date: