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June 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 first 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 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 first quarter of 2021, 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 \$982,500 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 \$194,000 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 \$693,400, which are included as offsets to the incremental costs provided in Attachment A to this filing. Attachment A provides a summary of the incremental costs incurred as well as any offsetting impacts.

As noted in our previous report, we committed to providing information regarding sales variations determined to be resulting from the effects of the pandemic. We met with Commission Staff to discuss the methodology for analyzing the COVID-19 related impacts on sales. Based on those discussions, we provide a comparison of Residential and Commercial & Industrial MWh weather-normalized sales using 2019 weather normalized sales as a baseline in Attachment B. We provide a comparison of 2021 weather-normalized revenues for all customer classes to 2019 weather-normalized revenues as 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 March 31, 2021, the Company has performed three service disconnections. Of these, none were residential meters; all three were non-residential meters. Cumulatively for the third and fourth quarters of 2020 and the first quarter of 2021, the Company performed 347 total residential disconnections and 16 total non-residential disconnections.

C. Customer Payment Arrangement Plans

As noted in our report for fourth quarter 2020 submitted March 5, 2021, in the process of compiling the requested information for that filing, we determined there was an issue with the business systems program used in querying customer payment arrangement data, in that the software was pulling totals while also adding in new, subsequent billing amounts while the arrangement is still active. This issue did not affect the timeline for a customer's payment arrangement or the amount they originally agreed to pay in our billing system; rather, the issue was impacting reporting of the agreed-upon amounts.

We have now resolved the issue in our billing system and rectified reporting of the total arrangement amount on accounts. We provide below information correcting the payment arrangement counts, length and total associated dollar amounts provided in our October 30, 2020 report for third quarter 2020, and we include data for fourth quarter 2020 and first quarter 2021, and cumulative amounts across the three quarters.

Q3 2020 Customer Payment Arrangements

Class	Count	Average Length in months*	Arranged Value
Residential	2,502	5	\$1,708,824
C&I, Industrial, Government	50	2	\$337,326
Total	2,552	5	\$2,046,150

Q4 2020 Customer Payment Arrangements

Class	Count	Average Length in months*	Arranged Value
Residential	2,631	5	\$1,632,830
C&I, Industrial, Government	56	2	\$136,526
Total	2,687	5	\$1,769,356

Q1 2021 Customer Payment Arrangements

Class	Count	Average Length in months*	Arranged Value
Residential	1,831	5	\$1,271,026
C&I, Industrial, Government	46	2	\$76,178
Total	1,877	5	\$1,347,204

Combined Q3 2020 – Q1 2021 Customer Payment Arrangements

Class	Count	Average Length in months*	Arranged Value
Residential	6964	5	\$4,612,681
C&I, Industrial, Government	152	2	\$550,029
Total	7,116	5	\$5,162,710

* 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 1 below for Total NSPM Company accounts receivable aging detail as of March 31, 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 1
Total NSPM Company (Electric and Gas)
Commodity Accounts Receivable Aging by Customer Class (\$s)
Includes Active and Inactive Accounts as of March 31, 2021

Class	Current	1-30 days past due	31-60 days past due	61-90 days past due	90+ days past due	Total
Residential	107,797,567	22,014,731	12,991,306	9,207,237	59,141,830	211,152,670
Commercial	42,871,606	3,653,397	819,461	561,046	2,568,576	50,474,087
Industrial	48,839,835	7,817,934	304,531	118,228	593,107	57,673,634
Others*	2,129,468	79,003	4,891	3,441	54,257	2,271,060
Total	201,638,475	33,565,065	14,120,188	9,889,952	62,357,770	321,571,451

*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)