



414 Nicollet Mall
Minneapolis, Minnesota 55401

January 31, 2020

—Via Electronic Filing—

Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501

RE: FEBRUARY 2020 FUEL CLAUSE CHARGES

Dear Ms. Van Gerpen:

Northern States Power Company, doing business as Xcel Energy and operating in South Dakota, hereby submits its electric fuel clause charges (FCC) for February 2020.

Pursuant to the Commission authorization of the final compliance tariffs in the Company's 2014 rate proceeding (Docket No. EL14-058), the new rates became effective on July 1, 2015. The Fuel Adjustment Factor (FAF) Ratio listed below also became effective:

FAF Ratio	Current
Residential	1.0124
C & I Non-Demand	1.0199
C & I Demand	1.0033
C & I Demand TOD On-Peak	1.2090
C & I Demand TOD Off-Peak	0.8304
Outdoor Lighting	0.7621

The table below shows the new Fuel Clause Charge by service category:

February 2020	Fuel Cost Charge (\$/kWh)
Residential	0.02591
C & I Non-Demand	0.02610
C & I Demand	0.02568
C & I Demand Time of Day On-Peak	0.03094
C & I Demand Time of Day Off-Peak	0.02125
Outdoor Lighting	0.01950

MISO CHARGES IMPLEMENTATION

MISO Day 2 Charges

This filing includes our reporting of the Midcontinent Independent System Operator, Inc. (MISO) charges under the Day 2 Market. Pursuant to the Commission’s April 7, 2005 Order in Docket No. EL05-008, Xcel Energy is authorized to recover the MISO Day 2 costs through the Fuel Clause Rider (FCR). On February 12, 2009, the Commission approved the FCR tariff revisions (Docket No. EL08-035), which allowed the new MISO Day 2 charge types (Schedule 24, Auction Revenue Rights, and Financial Transmission Rights) to be reflected in the FCR. In compliance with this Order and the required “net” accounting of Day 2 costs and revenues, we have included in the February FCC the net MISO Day 2 costs for December as recorded in Account 555. The MISO Day 2 cost recovery included in the FCC is \$6,379,070 which is the net of many items. Pursuant to the above mentioned Orders, the Company also provides more detailed records in Attachment 2, page 1 to support the calculation of the MISO Day 2 costs.

MISO ASM Charges

Pursuant to the Commission’s February 12, 2009 Order in Docket No. EL08-035, the MISO Ancillary Services Market (ASM) charges and the ASM-related costs and revenues are approved to be included in rates through the Fuel Clause Rider. In compliance with this Order and the required “net” accounting of ASM costs and

revenues, we include in the February FCC the net MISO ASM costs for December as recorded in Account 555. The MISO ASM cost recovery included in the FCC is \$1,118,142 which is the net of many items. The detailed records are contained in Attachment 2, page 2.

PROPERTY TAX

Pursuant to the Commission's June 16, 2015 Order in Docket No. EL14-058, the Company has modified the Fuel Clause Rider (FCR) tariff to allow collection of property taxes. As permitted by SDCL 49-34A-25, a property tax adjustment will be determined annually and is defined as the difference between the South Dakota state jurisdictional share of property tax forecasted for the calendar year and the amount reflected in South Dakota base rates, plus a true-up for the prior year actual property tax recorded compared to that year's forecast. The resultant adjustment amount is recovered from customers. An annual adjustment amount equal to or less than \$100,000 is recovered in one month, and an amount greater than \$100,000 is recovered over a 12-month period beginning in April.

The 2019 incremental amount of \$2,593,663, including the 2018 true-up, was calculated to be collected through an even monthly amount beginning April 2019 through March 2020. The amount reflected in the February FCC is \$220,678 or 0.139 cent per kWh. Attachment 3, page 5 contains the tracker of the property tax recovery.

MARGINS SHARING PROGRAM

Pursuant to Commission authorization of the final compliance tariffs in the Company's 2011 rate proceeding (Docket No. EL11-019), South Dakota customers will be credited 100 percent of the jurisdictional portion of actual asset based margins and 30 percent of the jurisdictional share of non-asset based margins from intersystem sales as described in the Company's South Dakota FCR.¹ Attachment 3, pages 1 and 2 contain the trackers of these sharing refunds.

Asset Based Margins Sharing

Attachment 3, page 1 is the asset based margins sharing tracker showing the monthly amount credited to South Dakota customers. This Asset-Based margins credit of \$214,020 or 0.134 cent per kWh is included in the February FCC calculation.

¹ The current non-asset based margin sharing credit on 2017 realized margins is based on 30 percent sharing.

Non-Asset Based Margins Sharing

The realized South Dakota retail share of calendar year 2018 Non-Asset Based Margin is \$80,786 or 0.044 cent per kWh. Pursuant to the terms described in the tariff, this margin credit is less than \$100,000 and therefore the entire credit was refunded in the March 2019 FCC. There will be subsequent small residual true-ups to be reflected in the following monthly FCC factors in order to fully refund the 2018 Non-Asset Based Margin credits to customers (See Attachment 3, page 2).

OTHER REFUNDS

Pursuant to Commission authorization of the final compliance tariffs in the Company's 2011 rate proceeding (Docket No. EL11-019), starting from August 2012, the revenue requirements from federal production tax credits (PTCs) associated with wind generation allocated to South Dakota and the share of revenue generated by the sale of emission allowances refunds. The PTC credits are reflected in Attachment 1, page 3, item 26b.

WIND CURTAILMENT

The system amount paid for wind curtailment in December is \$77,049, for 1,818 MWh of curtailed energy. The South Dakota jurisdictional portion is \$3,710. Pursuant to the Settlement Stipulation as amended and approved by the Commission in Docket No. EL09-009, the Company includes as Attachment 4 the wind curtailment summary report filed in Minnesota showing actual total payments made for wind curtailment events separated into the following reason codes:

1. Lack of firm transmission as described in Attachment C of the MISO Open Access Transmission Tariff (ATC Constraint)
2. Low load
3. Transmission loading relief or MISO directive for reasons other than ATC Constraint
4. Other

EXCESS RENEWABLE ENERGY CREDITS

Pursuant to the Commission's February 12, 2010 Order in Docket No. EL09-029, 90 percent of our South Dakota jurisdictional share of the net revenue generated by the sale of Renewable Energy Credits (RECs) shall be refunded to customers. (See Attachment 3, page 4). The \$839 or 0.001 cent per kWh REC sales sharing true-up is included in the February FCC calculation.

BIOMASS PURCHASED POWER AGREEMENTS (PPAs) TERMINATION

The February FCC reflects lower purchased power costs as a result of termination of the Benson, Laurentian and Pine Bend biomass PPAs. Pursuant to Commission's June 28, 2018 Order in Docket No. EL18-27, the recovery of the termination costs is deferred to a separate proceeding outside of the Fuel Clause.

INCLUSION OF NEW PPA and RESOLUTION OF THE FUEL CLAUSE SUSPENSION (DOCKET NOS. EL16-037 AND EL16-038)

The settlement stipulation approved by the Commission in Docket No. EL16-037 requires the Company to provide information on any new PPA included for cost recovery. The Company is currently recovering the costs of RDF projects subject to refund once proxy capacity and energy prices are established in Docket No. EL18-004.

Attachment 1, pages 2 to 4 contain the computation of the February 2020 FCC consistent with the Commission's September 28, 2017 Orders. In addition, Attachment 5, page 1, is the report on new Purchased Power Agreements (PPAs) with a term of one year or more where costs are included in the FCC.

MWH SALES

The South Dakota jurisdiction MWh sales for the month of December are shown on Line 13 in Attachment 1, page 2.

If you have any questions regarding the information contained in this filing, please call John Chow at (612) 330-7588.

Sincerely,

/s/

AMY LIBERKOWSKI
DIRECTOR, REGULATORY PRICING AND ANALYSIS