



414 Nicollet Mall
Minneapolis, Minnesota 55401

July 31, 2020

—Via Electronic Filing—

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

RE: AUGUST 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 August 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 Fuel Clause Charge by service category:

| August 2020 | Fuel Cost Charge (\$/kWh) |
|--|----------------------------------|
| Residential | 0.02975 |
| C & I Non-Demand | 0.02997 |
| C & I Demand | 0.02948 |
| C & I Demand Time of Day On-Peak | 0.03553 |
| C & I Demand Time of Day Off-Peak | 0.02440 |
| Outdoor Lighting | 0.02239 |

After consultation with Commission Staff, beginning with July 2020 the Company has included an estimate of the true-up recovery to be billed after prior month's billings took place. (see Attachment 1, Page 3, line 18b, Current Month Unbilled Recovery) The purpose of this adjustment is to lessen the month to month volatility by recognizing the true-up credit/surcharge amounts being billed outside of the calendar month in which they are charged.

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 August FCC the net MISO Day 2 costs for April as recorded in Account 555. The MISO Day 2 cost recovery included in the FCC is \$9,004,778 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 August FCC the net MISO ASM costs for June as recorded in Account 555. The MISO ASM cost recovery included in the FCC is \$2,651,785 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 2020 incremental property tax adjustment amount of \$1,424,957, including the 2019 true-up, is recovered through an equal monthly amount from April 2020 through March 2021 FCR. The amount reflected in the August FCC is \$85,469 or 0.053 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 \$38,424 or 0.024 cent per kWh is included in the August FCC calculation.

Non-Asset Based Margins Sharing

The realized South Dakota retail share of calendar year 2019 Non-Asset Based Margin is \$208,596.54. Pursuant to the terms described in the tariff, this margin credit is over \$100,000 the credit will be refunded over the 12 months period. As such for August 2020 FCC the applicable refund is \$10,720 plus prior months true up or 0.007 cent per kWh. (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 June is \$1,727,439, for 37,066 MWh of curtailed energy. The South Dakota jurisdictional portion is \$82,949. 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 for 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

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

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 \$6,597 or 0.004 cent per kWh REC sales sharing true-up is included in the August FCC calculation.

BIOMASS PURCHASED POWER AGREEMENTS (PPAs) TERMINATION

The August 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. On March 23, 2020, the Commission issued Order under Docket No. EL18-004 accepting the Joint Motion of the Company and Commission Staff settlement that established proxy capacity and energy prices on the disputed resources in South Dakota. This settlement establishes proxy prices to be used for the recovery of costs for the Marshall and Northstar solar PPAs, the C-BED PPAs, and RDF PPAs. This proxy pricing began on Fuel Cost Factors effective in June 2020.

Attachment 1, pages 2 to 4 and Attachment 6 contain the computation of the August 2020 FCC consistent with the Commission's March 23, 2020 Order under Docket No. EL18-004. 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 June 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/

LISA PETERSON
MANAGER, REGULATORY ANALYSIS