



414 Nicollet Mall
Minneapolis, MN 55401

April 1, 2019

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

—Via Electronic Filing—

Re: PETITION
2019/2020 ELECTRIC CIP ADJUSTMENT FACTOR
DOCKET NO. E002/M-19-____

Dear Mr. Wolf:

Enclosed for filing is the Petition of Northern States Power Company requesting approval of our 2018 electric Conservation Improvement Program (CIP) Tracker account, financial incentive on 2018 performance, and 2019/2020 electric CIP Adjustment Factor.

We have electronically filed this document with the Minnesota Public Utilities Commission, and a Summary of the filing has been served on the parties on the attached service list. Please contact Aaron Tinjum at aaron.j.tinjum@xcelenergy.com or (612) 342-8967 if you have any questions regarding this filing.

Sincerely,

/s/

SHAWN WHITE
MANAGER
DSM REGULATORY STRATEGY AND PLANNING

Enclosures
c: Service Lists

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Dan Lipschultz
John Tuma
Matthew Schuerger
Katie Sieben

Vice Chair
Commissioner
Commissioner
Commissioner

IN THE MATTER OF THE PETITION OF
NORTHERN STATES POWER COMPANY
FOR APPROVAL OF AN ELECTRIC
CONSERVATION IMPROVEMENT
PROGRAM ADJUSTMENT FACTOR

DOCKET NO. E002/M-19-____

PETITION

OVERVIEW

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this Petition for approval of its electric Conservation Improvement Program Adjustment Factor for 2018-2019.

Specifically, we request that the Commission:

- Approve the Company's 2018 electric CIP Tracker account;
- Approve the electric incentives earned for 2018 program performance; and
- Approve the proposed 2019/2020 electric CIP Adjustment Factor of \$0.001581 per kWh.

In 2018, our electric portfolio surpassed the 1.5 percent energy savings target for the seventh year in a row, achieving more than 680 GWh of electric savings or 2.35 percent of sales, 148 MW of demand savings, and generating approximately \$238 million in net benefits for customers. We achieved 157 percent of our approved savings goal for 2018, while spending \$107.5 million or 109 percent of our approved budget. Based on these results, we respectfully request approval of an electric CIP incentive of \$28,856,219.

I. SUMMARY OF FILING

A one-paragraph summary is attached to this filing pursuant to Minn. R. 7829.1300, subp. 1.

II. SERVICE ON OTHER PARTIES

Pursuant to Minn. R. 7829.1300, subp. 2, the Company has served a copy of this filing on the Office of the Attorney General – Antitrust and Utilities Division. A summary of the filing has been served on all parties on the enclosed service list.

III. GENERAL FILING INFORMATION

Pursuant to Minn. R. 7829.1300, subp. 3, the Company provides the following information.

A. Name, Address, and Telephone Number of Utility

Northern States Power Company doing business as:

Xcel Energy

414 Nicollet Mall

Minneapolis, MN 55401

(612) 330-5500

B. Name, Address, and Telephone Number of Utility Attorney

Mara K. Aschman

Senior Attorney

Xcel Energy

414 Nicollet Mall, 401 – 8th Floor

Minneapolis, Minnesota 55401

(612) 215-4605

C. Date of Filing

The date of this filing is April 1, 2019. The Company requests the Commission approve this Petition with an effective date of October 1, 2019 for the 2019/2020 CIP Adjustment Factor. Approval by this date would ensure that the implemented rate is based on a 12-month recovery period.

D. Statute Controlling Schedule for Processing the Filing

Minn. Stat. § 216B.16, subds. 6b and 6c allow public utilities to file rate schedules providing for annual recovery of actual conservation costs and approved incentives. Minn. Stat. § 216B.16 subd. 1 requires 60-days notice to the Commission of a proposed tariff change. Under the Commission's rules, the proposed tariff change discussed in this Petition falls within the definition of a miscellaneous filing under Minn. R. 7829.0100, subp. 11, since no determination of Xcel Energy's general revenue requirement is necessary. Minn. R. 7829.1400, subp. 1, permits initial comments on miscellaneous filings to be made within 30 days of filing and reply comments 10 days thereafter.

E. Utility Employee Responsible for Filing

Shawn White
Manager, DSM Regulatory Strategy & Planning
Xcel Energy
414 Nicollet Mall, 401 – 6th Floor
Minneapolis, MN 55401
(612) 330-6096

IV. MISCELLANEOUS INFORMATION

Pursuant to Minn. R. 7829.0700, the Company requests that the following persons be placed on the Commission's official service list for this proceeding:

Mara K. Ascheman
Senior Attorney
Xcel Energy
414 Nicollet Mall, 401 – 8th Floor
Minneapolis, MN 55401
mara.k.ascheman@xcelenergy.com

Lynnette Sweet
Regulatory Administrator
Xcel Energy
414 Nicollet Mall, 401 – 7th Floor
Minneapolis, MN 55401
regulatory.records@xcelenergy.com

Any information requests in this proceeding should be submitted to Ms. Sweet at the Regulatory Records email address above.

V. DESCRIPTION AND PURPOSE OF FILING

A. Background

Minn. Stat. § 216B.241 sets forth Minnesota's policy on utility investments in energy conservation. Generally, this statute provides that qualifying energy conservation improvements are utility investments or expenses that result in a net reduction in energy use. The statute provides a multi-step process for selecting qualifying programs subject to approval by the CIP Unit of the Minnesota Department of Commerce, Division of Energy Resources ("Department"). Minnesota Rules part 7690.0550 requires that by April 1 of each year, electric utilities file with the Department a status report on each program undertaken during the previous year.

While the Deputy Commissioner approves the CIP programs to be offered, the Commission has the authority to allow recovery of approved expenses and incentives under Minn. Stat. §§ 216B.16, subd. 6b and 216B.241, subd. 2b. These statutes provide for recovery of CIP expenses through a rate rider mechanism without a general rate case proceeding. Under Minn. Stat. § 216B.16, subds. 6b and 6c, the Commission also has the authority to allow Xcel Energy to earn an incentive designed to encourage vigorous participation and compensate the utility for its efforts. On or before each April 1, Xcel Energy submits a filing that seeks approval of the allowed incentive calculated in accordance with the approved formula.

In 2010, the Commission approved a new Shared Savings Incentive Mechanism (Docket No. E,G999/CI-08-133). The shared savings incentive mechanism awards a percentage of the net benefits created by a utility's energy conservation program, beginning once a utility surpasses its earnings threshold. The August 5, 2016 ORDER ADOPTING MODIFICATIONS TO SHARED SAVINGS DEMAND-SIDE MANAGEMENT FINANCIAL INCENTIVE PLAN modified the incentive mechanism to set a fixed range of percentages of net benefits based on the % of sales savings achieved, each year for the 2017, 2018 and 2019 DSM Plan years. The percentage of net benefits awarded increases as achievements increase, up to a cap of percent of net benefits awarded and a cap of total spend. Additionally, during the 2013 Legislature, a provision was added to MN Statute 216B.241, subdivision 7, which allows utilities the option to exclude the net benefits of low-income programs, if negative, from the calculation of the DSM financial incentive.

B. Purpose of Filing

In this filing, the Company requests approval of its 2018 electric CIP Tracker account, incentives earned for 2018 electric program performance, and the 2019/2020 electric CIP Adjustment Factor.

In support of this request, we provide as Attachment A to this filing, an excerpt from our *2018 CIP Status Report*, which we have submitted concurrently to the Department

in its entirety.¹ This Status Report provides the detail behind our 2018 electric and natural gas program costs and achievements. Attachment A to this filing contains the following excerpts from our Status Report that outline our 2018 results:

- Executive Summary, pages 1 to 8.
- 2018 CIP Trackers (2018 Conservation Cost Recovery Report), pages 22 to 26.
- 2019/2020 CIP Adjustment Factor (2018 Electric and Natural Gas CIP Adjustment Factor Report), pages 27 to 33.
- 2018 CIP Financial Incentive Calculations (Cost-Effectiveness & Performance Mechanism Report), pages 34 to 38.

Please note that the above-referenced page numbers correspond to the numbering in the page headers.

C. 2018 Electric CIP Tracker Account

The Company spent \$107.5 million on our electric CIP program in 2018. The Executive Summary provided as pages 1 to 8 of Attachment A summarizes our overall 2018 CIP expenditures and energy savings. The Conservation Cost Recovery Report provided as pages 22 to 26 of Attachment A includes our 2018 electric and natural gas CIP Trackers, which reflect actual 2018 expenditures and revenues, including carrying charges.²

As part of the review of utilities' 2009 CIP Cost Recovery and Incentive petitions, the Department proposed employee expense guidelines, including a recommended cap on employee expenses of 0.5 percent of the total annual budget or expenses.³ We report on our 2018 employee expenses below.

1. Employee Expenses

The program costs summarized above include \$224,203 in employee expenses related to CIP. Attachment B summarizes our employee expenses for 2018. These expenses comprise less than 0.21 percent of our total electric CIP spending for 2018, which is below the Department's proposed cap of 0.50 percent of total annual budget or expenses.

These expenses were incurred consistent with our employee expense policies, which provide guidance on the types of charges that are recoverable and non-recoverable

¹ The 2018 CIP Status Report was submitted on April 1, 2019 under Docket No. E,G002/CIP-16-115.07.

² Compliance filing for updated electric CIP adjustment factor in Docket E002/M-18-240.

³ Attachment to the Department's August 13, 2010 Comments in Docket No. E002/M-10-296

through CIP. We report these expenses at the level of detail available from a query of our accounting system.⁴

D. 2018 Financial Incentives

Based on achieved CIP savings of over 680 GWh at the generator, or 157 percent of our 2018 CIP savings goal, and net benefits of approximately \$238 million, we propose a CIP electric performance incentive of \$28,856,219. If approved, the CIP financial incentives would be included in the electric CIP Tracker and recovered through the 2019/2020 CIP Adjustment Factor. We provide our CIP incentive calculation on pages 34 to 38 of Attachment A.

E. Proposed CIP Adjustment Factor

The Company seeks approval to update its electric CIP Adjustment Factor to \$0.001581 per kWh, effective October 1, 2019 through September 30, 2020. This factor allows the Company to recover program costs, financial incentive, and the projected unrecovered Tracker balance.

1. Projected Unrecovered Tracker Balance

We project an unrecovered CIP Tracker balance on September 30, 2020 of \$43.6 million, shown on Attachment A, page 28. This balance represents the program costs and incentive not recovered through the Conservation Cost Recovery Charge (CCRC) and the existing electric CIP Adjustment Factor.⁵

2. Proposed CIP Adjustment Factor

With this filing, we propose to decrease the CIP Adjustment Factor from \$0.001813 per kWh to \$0.001581 per kWh to recover the Tracker balance over the October 1, 2019 to September 30, 2020 time period. If approved as proposed and implemented October 1, 2019, the average residential electric customer using 643 kWh per month would pay approximately \$1.02 per month.

⁴ As noted in our August 23, 2010 Reply Comments in Docket No. E002/M-10-296, our accounting system has object codes dedicated to several categories of employee expenses, including Business Meals-Employees Only, Business Meals-Non Employees, and Travel Meals. Documentation of the business purpose of the meal and attendees is required as part of the Company's existing expense policy. However, while our current system includes documentation of these details, the system does not provide query access to these details. Further documentation on a specific expense is available upon request.

⁵ The CCRC is recovered in base rates.

Table 1: Proposed and Current CIP Adjustment Factor

Electric CIP Adjustment Factor	
Proposed (\$/kWh)	Current (\$/kWh)
\$0.001581	\$0.001813

Pages 27 to 33 of Attachment A provide the calculation of the CIP Adjustment Factor for 2019-2020 and the 2019 and 2020 CIP Tracker Forecast, assuming we implement the proposed factor October 1, 2019. The Company proposes to continue to set the CIP Adjustment Factor to reduce the Tracker balance to approximately \$0 by September 30 of the following year. The September 30, 2020 forecasted balance of \$2,236 can be seen on page 31 of Attachment A.

As with previous filings, we propose to update the CIP Adjustment Factor using actual revenue recovery and actual expense available at the time of the Company's Reply Comments. Additionally, if the timing of the approval process suggests the implementation of the 2019/2020 CIP Adjustment Factor will occur after October 1, 2019, we will update the implementation date and adjust the proposed factor to recover the approved revenue requirements over the remaining months of the period, through September 2020.

3. Proposed Customer Notice

We propose to implement the below bill message, effective the first month the 2019/2020 CIP Adjustment Factor takes effect, notifying customers of the change in their monthly bills, as follows:

Effective Oct. 1, 2019, the Resource Adjustment line item on your bill has decreased due to a change in the Conservation Improvement Program (CIP) factor. The electric CIP portion of the Resource Adjustment is \$0.001581 per kilowatt-hour (kWh).

We will work with the Commission's Consumer Advocate Office in advance of implementing this proposed customer notice.

4. Provision of Forecast Data

The Provision of Forecast Data clause contained in the electric CIP Adjustment Factor tariff sheet (Sheet No. 5-92.1) requires the Company to annually make available on April 1, a 24-month forecast of the CIP Adjustment Factor applicable to demand billed C&I customers under this Rider. The forecast period begins January 1

of the following year. We provide as Attachment C the forecasted CIP Adjustment Factor rates for 24 months beginning January 1, 2019.

F. Description of the Proposed Tariff

As noted above, we propose to decrease the electric CIP Adjustment Factor from \$0.001813 per kWh to \$0.001581 per kWh. We provide as Attachment D to this filing, redline and clean versions of the following proposed tariff sheet:

Minnesota Electric Rate Book—MPUC No. 2

Sheet No. 5-92, revision 20

G. Public Interest Review

We take seriously our commitment to DSM and recognize the CIP program's value to our customers and the State of Minnesota. The programs approved by the Deputy Commissioner and implemented in 2018 resulted in more than 148 MW of demand savings, over 680 GWh of energy savings, and more than \$238 million in net benefits.

As described in this Petition and detailed in Attachment A, our calculations and approach to applying the proposed Factor to customers' bills follows methods previously approved by the Commission. We have calculated our incentives pursuant to the Commission's approved formulas in Docket Nos. E,G999/CI-08-133 and E002/M-11-1101, and have provided all schedules and information necessary to audit our calculations.

The public interest is served by ensuring that the CIP Adjustment Factor closely tracks costs as they are incurred, keeping rates as accurate as possible. Commission approval of our proposed 2019/2020 CIP Adjustment Factor will allow the Company to closely match expenses with the benefits received and keep the Tracker account in balance, thus avoiding potentially large future rate increases for customers. Therefore, we respectfully request that the Commission approve our proposal.

I. EFFECT OF CHANGE UPON XCEL ENERGY REVENUE

For the time period of October 2019 to September 2020, the proposed electric CIP Adjustment Factor of \$0.001581 per kWh and the CCRC charged in base rates are

forecasted to recover approximately \$130 million,⁶ assuming normal weather. These revenues are necessary to recover the costs incurred to deliver the approved CIP program and the incentive earned on 2018 performance.

CONCLUSION

Xcel Energy respectfully requests that the Commission:

- Approve the Company's 2018 electric CIP Tracker account;
- Approve the CIP incentive of \$28,856,219 earned for 2018 program performance;
- Approve the proposed 2019/2020 electric CIP Adjustment Factor of \$0.001581 per kWh.

This request is based on achieving over 680 GWh of electric savings and 148 MW of demand saving and generating approximately \$238 million in net benefits.

Dated: April 1, 2019

Northern States Power Company

⁶ This is the sum of the forecasted CCRC recovery (\$86,512,712) and the forecasted CIP Adjustment Factor Recovery (\$43,630,415).

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Dan Lipschultz
John Tuma
Matt Schuerger
Katie Sieben

Vice Chair
Commissioner
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IN THE MATTER OF THE PETITION OF
NORTHERN STATES POWER COMPANY
FOR APPROVAL OF AN ELECTRIC
CONSERVATION IMPROVEMENT
PROGRAM ADJUSTMENT FACTOR

DOCKET NO. E002/M-19-____

PETITION

SUMMARY OF FILING

Please take notice that on April 1, 2019, Northern States Power Company, doing business as Xcel Energy, filed with the Minnesota Public Utilities Commission a Petition for approval of its 2018 electric CIP Tracker account, financial incentives on 2018 performance, and 2019/2020 electric Conservation Improvement Program Adjustment Factor. The Company has proposed to implement an electric CIP Adjustment Factor of \$0.001581 per kWh effective October 1, 2019 through September 30, 2020.

**Northern States Power Company,
a Minnesota corporation
2018 Conservation Improvement Program Status Report
Executive Summary**

Northern States Power Company, doing business as Xcel Energy, respectfully submits the following comprehensive report of its electric and natural gas Conservation Improvement Program (CIP) achievements for 2018. This report addresses:

- Overall CIP achievements including participation, expenditures, energy conserved, demand reduced, and estimated carbon dioxide (CO₂) emissions avoided by each segment and program;
- CIP Trackers, including 2018 expenditures and cost recovery by month;
- Calculation of the CIP Adjustment Factors for the period from October 2019 through September 2020, including estimated expenditures, cost recovery, and financial incentives;
- Calculation of the 2018 CIP Financial Incentives;
- Benefit-cost analyses by program, as well as explanations of deviations from goal and changes during 2018; and,
- Other compliance reports, as required by the Minnesota Department of Commerce, Division of Energy Resources (“Department”) and the Minnesota Public Utilities Commission (“Commission”).

Achievements

In 2018, the electric portfolio met and surpassed the state’s 1.5% energy savings target for the seventh consecutive year, achieving more than 680 GWh of electric savings or 2.35% of sales. While it was a record DSM savings performance, the Company notes a couple of factors that will prevent sustained performance at this level. In recent years, the DSM landscape in Minnesota has changed for customers and utilities as the avoided costs and amount of savings attributable to utility DSM programs have continued to decline. Furthermore, similar to 2017, much of the 2018 electric portfolio’s achievement was attributable to the Company’s sustained, aggressive pursuit of cost-effective home and business LED lighting projects, which are projected to level off in future years as customers require fewer lamp replacements.

In the electric Business Segment, Lighting Efficiency accounted for more than 36% of the business electric portfolio achievement in 2018. The Business New Construction, Commercial Efficiency, and Process Efficiency programs also made significant contributions towards the savings goal. Altogether, those four programs contributed more than 312 GWh of electric savings, accounting for more than three-fourths of total electric savings in the business portfolio.

Lighting also played a major role in the Residential Segment’s electric savings achievement. The Home Lighting program alone accounted for more than 72% of the residential electric portfolio achievement. Other top contributors included the Energy Feedback, Residential Heating, and Residential Cooling programs. Collectively, those four programs achieved more than 176 GWh, which translates to 91% of the residential portfolio’s total electric achievement.

The natural gas portfolio also surpassed the state’s 1.0% energy savings goal for natural gas in 2018. The portfolio achieved 913,240 Dth of total natural gas savings, which is 1.27% of sales. In the

Business Segment, several programs that offer both electric and natural gas savings opportunities exceeded their natural gas savings goals, especially the Process Efficiency program, which saved more than 183,000 Dth. Most Residential Segment gas programs continue to exceed their goals despite increasingly stringent building codes and standards. The overall success of the portfolio can be attributed to strong customer and trade engagement.

In 2018, the Company spent a total of \$122.96 million to achieve these results, including \$107.45 million on electric programs and \$15.51 million on gas programs. Electric spending was 109% of the approved regulatory budget and natural gas spending was 90% of the approved regulatory budget.

In sum, the electric programs will provide more than \$238 million in net benefits to our customers. Net benefits are a measure of the generation, transmission, distribution and energy costs avoided as a result of our conservation programs less the costs to run the programs. The gas programs will provide nearly \$36 million in net benefits to our customers.

Our 2018 CIP achievements are summarized in Table 1.

Table 1: Xcel Energy's 2018 CIP Expenditures and Energy Savings

2018	Expenditures (\$)	Energy Savings (kWh or Dth)	Demand Savings (kW)
Total Electric CIP	\$107,451,885	680,448,447 kWh	148,400
Total Gas CIP	\$15,506,839	913,240 Dth	
Total Expenditures	\$122,958,724		

The Company's cumulative achievements since 1992 exceed 9,600 GWh of electric energy saved, 16.7 million Dth of natural gas saved, and more than \$6.4 billion in net benefits achieved, with total spending of \$1.7 billion. Our CIP electric achievements also improved over 2017. Figures 1 and 2 highlight total achievements and spending for electric and gas programs from 2004 to 2018.

Figure 1: Xcel Energy's 2004-2018 Electric CIP Achievements

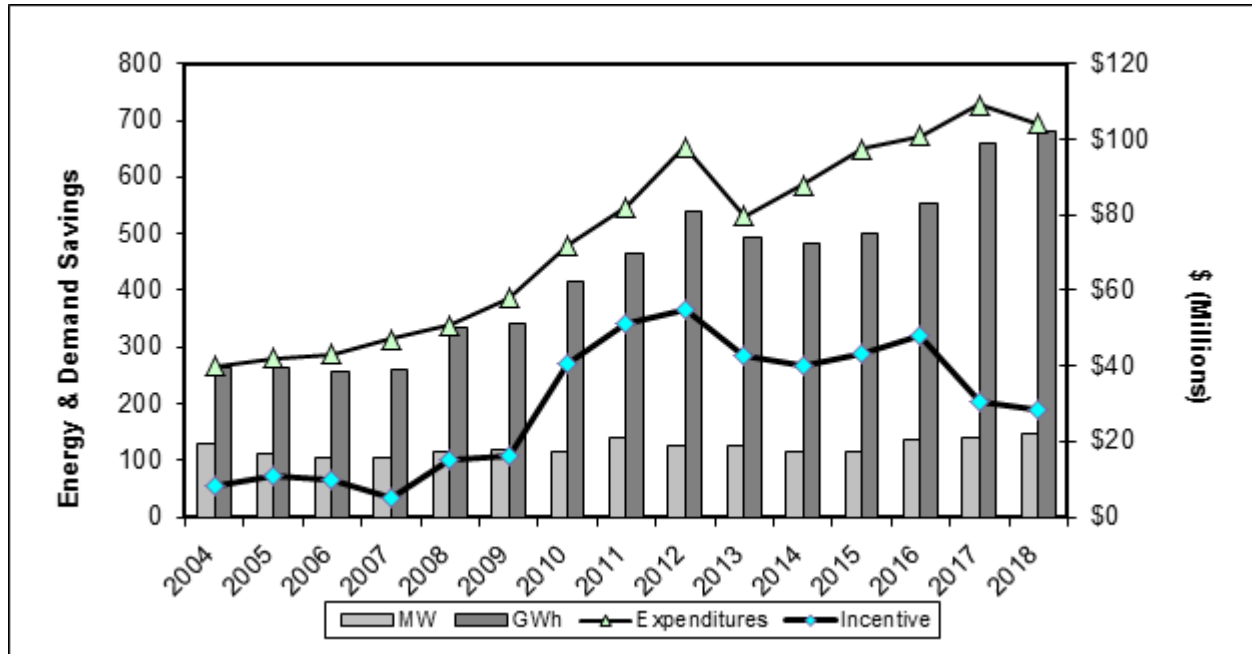
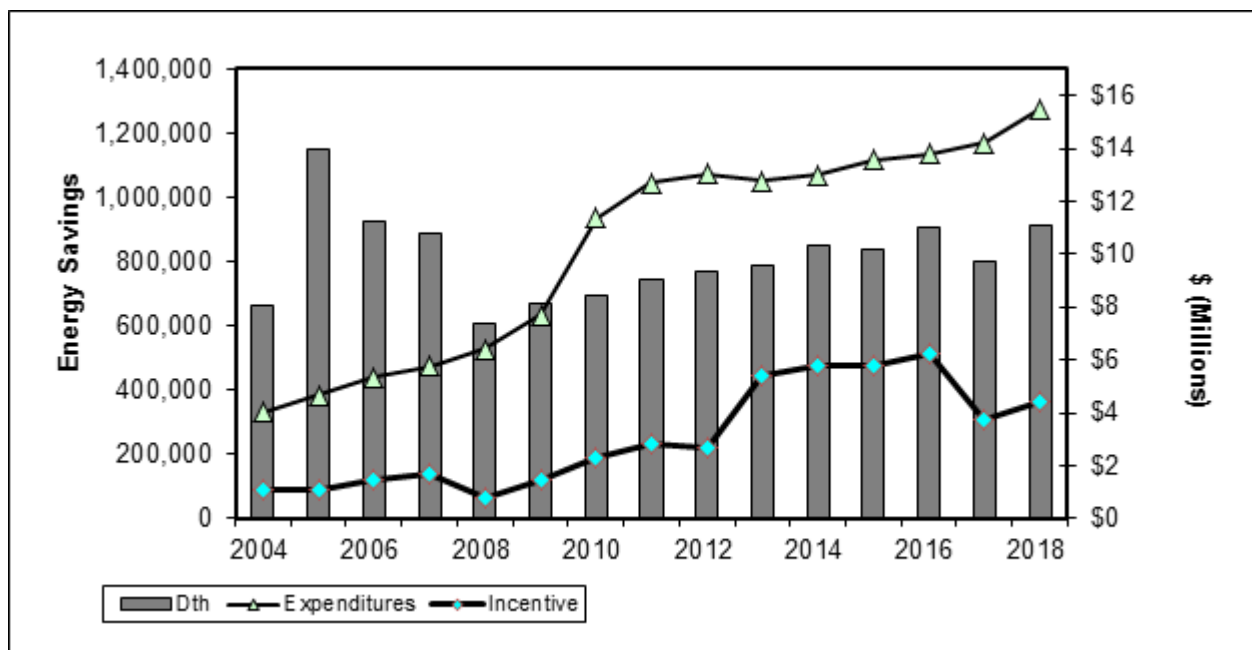


Figure 2: Xcel Energy's 2004-2018 Natural Gas CIP Achievements



The following sections provide greater, in-depth detail on Xcel Energy's 2018 electric and natural gas CIP achievements.

- ***Compliance Reporting*** – Provides information to satisfy provisions in Minnesota Statutes sections 216B.2401, 216B.241, and 216B.2411, including spending requirements and caps. This section also includes all other ordered compliance requirements, including those required by the Commissioner's November 3, 2016 Decision in this docket.
- ***Conservation Cost Recovery Report*** (Docket No. E002/GR-92-1185) – Provides the 2018 CIP Trackers. Xcel Energy seeks approval to record \$107,451,885 in electric spending and \$15,506,839 in gas spending in its CIP Tracker accounts.
- ***CIP Adjustment Rate Report*** (Docket No. E002/M-94-1016) – Calculates the electric and gas CIP Adjustment Factors to be applied to customer usage for recovery of 2018 conservation expenditures, effective for the period October 2018 through September 2019. Xcel Energy is proposing new electric and gas CIP Adjustment Factors of \$0.001581/kWh and \$0.022357/therm, respectively.
- ***Cost-Effectiveness and Performance Mechanism Report*** (Docket No. E,G999/CI-08-133 and Docket No. E002/M-11-1101) – Details the mechanisms and calculations of Xcel Energy's DSM Financial Incentives. The Company requests approval to record and recover from customers \$28,856,219 in electric and \$4,391,216 in natural gas DSM performance incentives in its CIP Trackers.
- ***2018 CIP Status Report*** – Minn. R. 7690.0550 outlines the information that a utility must include in its annual program status report. This report provides budgets and goals, expenditures, actual energy savings, and participation.
- ***Cost-Effectiveness*** – Minn. R. 7690.0550, subd. E requires a utility to provide information on the cost-effectiveness of its programs, as calculated from the utility, participant, ratepayer, and societal perspectives. This section includes all cost-effectiveness analyses, detailed technical assumptions by program and by segment, and project information sheets.

Avoided Emissions

In addition to the cost-effectiveness of our 2018 portfolio, we have also analyzed the avoided carbon dioxide (CO₂) emissions resulting from our portfolio's achievement. We have performed the avoided CO₂ analysis to highlight this important benefit of our DSM programs and help inform any future portfolio changes that optimize the avoidance of CO₂ emissions.

As Northern States Power Company's electric generation portfolio continues to evolve, especially with the significant growth in wind generation, the CO₂ emissions avoided by each implemented measure varies according to the time the measure avoids electric consumption. To accurately capture the time variation of avoided CO₂ emissions from 2018, the analysis is based on a 2018 run of the hourly marginal energy costs and total system average emissions (lbs of CO₂/MWh) for 2017-2030. Marginal emissions are determined by first examining the marginal energy cost. If the marginal energy cost for a single hour is less than or equal to \$0/MWh, it is assumed that wind generation is the source of the marginal energy and avoided emissions for those hours is 0 lbs of CO₂. For all other hours, it is assumed that the avoided emissions are the total system average emissions for that hour. Similar to the process used to determine Marginal Energy Avoided Revenue Requirements in the portfolio's cost-effectiveness tests, this hourly data is then applied to an hourly load shape for each measure to determine the first year and lifetime avoided emissions for the measure.

The first year and lifetime avoided CO₂ emissions and emissions intensities for each program and segment in 2018 are summarized in Table 4.

Table 2: Xcel Energy's Electric and Gas CIP Goals

2018	Electric Participants	Electric Budget	Customer kW	Generator kW	Generator kWh	Gas Participants	Gas Budget	Dth Savings
Business Segment								
Business New Construction	90	\$4,782,576	4,903	3,834	23,017,690	21	\$409,155	23,292
Commercial Efficiency	176	\$3,607,502	4,264	3,671	27,058,233	46	\$503,585	41,186
Commercial Refrigeration	96	\$173,531	1,162	68	617,496	10	\$2,758	98
Computer Efficiency - PC Power MGMT	1,391	\$549,850	453	472	3,712,549	0	\$0	0
Cooling Efficiency	1,736	\$2,604,027	2,710	2,276	6,200,592	3	\$48,579	5,968
Custom Efficiency	52	\$1,254,844	984	783	4,894,015	21	\$202,340	17,011
Data Center Efficiency	67	\$1,325,356	1,065	906	8,920,888	0	\$0	0
Efficiency Controls	66	\$1,178,880	1,165	264	8,608,955	17	\$182,029	16,062
Fluid Systems Optimization	329	\$1,585,904	2,192	1,848	13,680,520	0	\$0	0
Foodservice Equipment	67	\$52,123	98	65	450,476	67	\$95,099	5,992
Heating Efficiency	64	\$7,830	40	32	156,350	558	\$1,322,379	113,549
Lighting Efficiency	1,378	\$6,186,985	9,216	6,884	52,620,992	0	\$0	0
Motor Efficiency	454	\$2,610,873	4,358	3,577	21,500,212	0	\$0	0
Multi-Family Building Efficiency	4,556	\$992,113	1,802	328	2,502,561	1,519	\$413,993	6,290
Process Efficiency	243	\$6,859,284	8,974	5,278	47,098,396	70	\$1,094,838	183,927
Recommissioning	89	\$808,898	1,022	561	6,626,083	51	\$211,566	22,368
Self-Direct	0	\$27,078	0	0	0	0	\$8,820	0
Turn Key	261	\$1,481,648	1,250	738	5,878,532	70	\$238,080	5,317
Business Segment Energy Efficiency Total	11,114	\$36,089,302	45,659	31,583	234,144,541	2,453	\$4,733,221	441,060
Electric Rate Savings	45	\$550,622	9,000	4,593	170,174	0	\$0	0
Saver's Switch for Business	933	\$2,334,660	18,071	3,823	9,668	0	\$0	0
Business Segment Load Management Total	978	\$2,885,282	27,071	8,415	179,842	0	\$0	0
Business Education	14,000	\$247,498	0	0	0	19,000	\$37,412	0
Small Business Lamp Recycling	55,000	\$58,297	0	0	0	0	\$0	0
Indirect Business Subtotal	69,000	\$305,795	0	0	0	19,000	\$37,412	0
Business Segment with Indirect Participants	81,093	\$39,280,379	72,729	39,998	234,324,383	21,453	\$4,770,633	441,060
Business Segment Direct Participants Only	12,093	\$38,974,584	72,729	39,998	234,324,383	2,453	\$4,733,221	441,060
Residential Segment								
Energy Efficient Showerhead	1,920	\$40,593	114	92	1,092,357	14,080	\$284,744	31,295
Energy Feedback Residential	256,120	\$2,118,865	3,686	3,896	16,555,081	170,898	\$321,772	25,309
Efficient New Home Construction	2,024	\$752,322	1,120	974	952,129	960	\$1,573,425	30,514
Residential Heating	10,000	\$1,224,713	1,906	1,380	7,199,127	12,222	\$2,502,540	120,000
Home Energy Squad	5,371	\$884,621	3,975	526	4,239,092	2,200	\$1,296,594	20,261
Home Lighting	157,787	\$7,534,601	75,049	10,242	97,776,379	0	\$0	0
Whole Home Efficiency	229	\$122,386	180	134	180,822	200	\$291,225	8,077
Insulation Rebate	538	\$229,204	986	145	1,403,591	704	\$308,377	16,731
Refrigerator Recycling	6,700	\$950,914	1,174	822	7,166,128	0	\$0	0
Residential Cooling	11,430	\$4,080,696	5,407	5,336	3,879,737	0	\$0	0
School Education Kits	14,000	\$468,617	1,212	136	1,559,062	14,000	\$316,706	11,391
Water Heater Rebate	0	\$0	0	0	0	1,094	\$228,981	3,539
Res. Segment Energy Efficiency Total	466,119	\$18,407,532	94,809	23,682	142,003,504	216,358	\$7,124,365	267,118
Residential Demand Response	47,025	\$8,396,861	84,187	33,361	684,799	8,448	\$118,326	43,134
Consumer Education	433,854	\$765,640	0	0	0	382,912	\$540,806	0
Home Energy Audit	3,500	\$671,989	0	0	0	2,800	\$546,276	0
Lamp Recycling - Residential	315,000	\$428,234	0	0	0	0	\$0	0
Residential Segment Total	1,265,498	\$28,670,256	178,996	57,043	142,688,303	610,518	\$8,329,773	310,251
Res. Segment with Indirect Participants	1,265,498	\$28,670,256	178,996	57,043	142,688,303	610,518	\$8,329,773	310,251
Res. Segment Direct Participants Only	513,144	\$26,804,393	178,996	57,043	142,688,303	224,806	\$7,242,691	310,251
Low Income Segment								
Home Energy Savings Program	2,117	\$1,291,516	296	110	839,339	440	\$1,216,667	4,117
LI Home Energy Squad	1,900	\$327,675	1,305	152	1,374,942	1,500	\$410,917	9,777
Multi-Family Energy Savings Program	1,766	\$810,070	574	107	978,479	0	\$0	0
Low Income Segment Total	5,783	\$2,429,261	2,174	369	3,192,760	1,940	\$1,627,584	13,894
Planning Segment								
Application Development and Maintenance	0	\$1,240,356	0	0	0	0	\$450,435	0
Advertising & Promotion	0	\$3,300,000	0	0	0	0	\$808,360	0
CIP Training	0	\$144,090	0	0	0	0	\$52,993	0
Regulatory Affairs	0	\$462,109	0	0	0	0	\$148,427	0
Planning Segment Total	0	\$5,146,555	0	0	0	0	\$1,460,215	0
Research, Evaluations & Pilots Segment								
Market Research	0	\$1,063,691	0	0	0	0	\$247,057	0
Product Development	0	\$1,723,902	0	0	0	0	\$211,882	0
Energy Star Retail Products	28,653	\$814,133	5,241	1,072	3,040,749	873	\$40,408	437
Energy Information Systems	35	\$299,233	356	195	2,448,285	8	\$111,979	4,077
Research, Eval. & Pilots Segment Total	28,688	\$3,900,959	5,596	1,267	5,489,034	881	\$611,326	4,514
PORTFOLIO SUBTOTAL	1,381,062	\$79,427,411	259,496	98,678	385,694,480	634,792	\$16,799,530	769,720
Anticipated Alternative Filings								
C.E.E. One Stop Efficiency Shop	0	\$12,964,780	10,419	10,500	48,000,000	0	\$0	0
EnerChange	0	\$418,500	0	0	0	0	\$46,500	0
Energy Smart	0	\$388,250	0	0	0	0	\$17,750	0
Trillion BTU	0	\$174,600	0	0	0	0	\$19,400	0
Energy Intelligence	0	\$309,400	0	0	0	0	\$34,600	0
Anticipated Alternative Filings Total	0	\$14,255,530	10,419	10,500	48,000,000	0	\$118,250	0
Assessments Segment								
Made In Minnesota	0	\$1,974,981	0	0	0	0	\$345,600	0
Electric Utility Infrastructure	0	\$2,850,359	0	0	0	0	\$0	0
PORTFOLIO TOTAL	1,381,062	\$98,508,281	269,915	109,178	433,694,480	634,792	\$17,263,380	769,720

Table 3: Xcel Energy's Electric and Gas CIP Achievements

2018	Electric Participants	Electric Budget	Customer kW	Generator kW	Generator kWh	Electric Societal	Electric Utility	Gas Participants	Gas Budget	Dth Savings	Gas Societal	Gas Utility
Business Segment												
Business New Construction	194	\$9,945,148	12,476	11,905	52,614,822	1.53	3.93	60	\$817,917	80,603	1.65	8.41
Commercial Efficiency	116	\$4,303,027	8,134	6,667	42,792,075	2.03	5.98	11	\$191,656	44,617	4.23	15.87
Commercial Refrigeration	90	\$113,511	56	24	287,133	0.22	0.19	31	\$4,149	137	3.23	1.44
Computer Efficiency - PC Power MGMT	469	\$130,366	193	208	1,638,209	1.05	2.80	0	\$0	0		
Cooling Efficiency	3,481	\$2,275,650	2,366	2,299	5,107,845	1.12	2.20	3	\$7,423	558	3.38	5.14
Custom Efficiency	34	\$1,000,980	850	505	4,684,214	3.07	2.43	7	\$122,614	12,215	6.97	8.53
Data Center Efficiency	16	\$505,146	716	472	6,116,193	1.39	4.39	0	\$0	0		
Efficiency Controls	46	\$1,000,507	1,242	134	10,169,757	1.60	3.45	13	\$68,105	8,713	2.69	8.74
Fluid Systems Optimization	148	\$1,103,686	1,462	1,328	9,926,978	1.96	3.87	0	\$0	0		
Foodservice Equipment	28	\$32,958	125	75	522,584	3.81	8.78	41	\$75,286	11,488	2.54	9.08
Heating Efficiency	87	\$26,391	73	78	345,089	3.89	8.28	330	\$1,141,574	100,277	1.81	3.31
Lighting Efficiency	4,671	\$13,966,827	29,700	21,477	145,183,010	1.65	4.86	0	\$0	0		
Motor Efficiency	408	\$2,356,183	4,268	3,442	19,716,420	1.76	4.83	0	\$0	0		
Multi-Family Building Efficiency	8,927	\$688,149	1,770	227	2,315,477	1.28	1.48	2,052	\$298,639	3,714	1.81	0.68
Process Efficiency	117	\$6,883,774	11,333	8,277	72,032,749	3.19	5.54	17	\$1,626,245	298,570	2.97	7.41
Recommissioning	45	\$912,068	966	378	6,400,084	1.59	1.59	6	\$85,764	3,619	2.59	1.48
Self-Direct	0	\$10,628	0	0	0	0.00	0.00	0	\$2,047	0	0.00	0.00
Turn Key	137	\$2,533,466	3,939	3,210	19,318,725	2.18	4.76	25	\$423,809	20,360	1.67	2.84
Business Segment Energy Efficiency Total	19,014	\$47,788,465	79,667	60,706	399,171,363	2.04	4.50	2,596	\$4,865,229	584,873	2.45	6.09
Electric Rate Savings	36	\$525,103	24,773	12,653	469,480	7.02	6.98					
Saver's Switch for Business	897	\$2,064,255	14,686	3,059	5,878	1.01	1.01					
Business Segment Load Management Total	933	\$2,589,358	39,459	15,712	475,358	2.23	2.22	0	\$0	0		
Business Education	15,717	\$195,762	0	0	0			19,210	\$27,097	0		
Small Business Lamp Recycling	94,668	\$24,524	0	0	0			0	\$0	0		
Indirect Business Subtotal	110,385	\$220,286	0	0	0			19,210	\$27,097	0		
Business Segment with Indirect Participants	130,332	\$50,598,109	119,127	76,417	399,646,721	2.04	4.36	21,806	\$4,892,326	584,873	2.44	6.06
Business Segment Direct Participants Only	19,947	\$50,377,823	119,127	76,417	399,646,721	2.04	4.38	2,596	\$4,865,229	584,873	2.45	6.09
Residential Segment												
Energy Efficient Showerhead	1,735	\$35,703	106	82	1,022,738	17.58	8.77	14,115	\$342,883	33,932	20.31	4.82
Energy Feedback Residential	221,281	\$1,654,995	4	3,841	17,661,186	2.10	1.99	148,269	\$226,398	41,197	3.24	3.02
Efficient New Home Construction	2,551	\$714,140	1,154	1,084	3,206,095	2.69	3.85	1,425	\$1,248,699	34,748	1.52	2.37
Residential Heating	14,885	\$1,719,791	2,871	2,115	11,004,816	1.35	4.08	8,467	\$2,918,201	149,476	1.95	4.10
Home Energy Squad	3,682	\$646,060	5,051	619	5,169,195	2.68	2.10	1,301	\$678,002	8,636	1.40	0.60
Home Lighting	218,193	\$5,129,413	109,151	14,768	141,337,867	4.09	5.70					
Whole Home Efficiency	35	\$22,072	39	36	32,239	1.33	2.40	35	\$61,264	2,365	1.51	2.78
Insulation Rebate	578	\$57,161	359	237	388,014	1.21	7.21	626	\$264,860	21,606	1.05	5.28
Refrigerator Recycling	6,031	\$911,681	932	652	5,690,205	2.59	1.84					
Residential Cooling	18,451	\$5,694,675	8,947	8,797	6,288,085	1.28	2.16	0	\$0	0		
School Education Kits	14,021	\$467,333	2,033	222	2,519,702	1.87	1.38	14,021	\$288,514	16,054	11.22	2.71
Water Heater Rebate	0	\$0	0	0	0			1,319	\$232,558	4,862	0.92	1.48
Res. Segment Energy Efficiency Total	501,443	\$17,053,024	130,647	32,452	194,320,142	2.24	3.46	189,578	\$6,261,379	312,876	2.24	3.26
Residential Demand Response	30,410	\$6,669,022	75,081	24,722	164,974	2.37	2.43	517	\$4,671	4,769	64.18	49.77
Consumer Education	685,968	\$720,265	0	0	0	0	0	550,988	\$520,942	0	0.00	0
Home Energy Audit	2,211	\$584,408	0	0	0	0	0	1,939	\$479,062	0	0.00	0
Lamp Recycling - Residential	536,453	\$340,336	0	0	0	0	0	0	\$0	0		
Residential Segment Total	1,756,485	\$25,367,055	205,727	57,174	194,485,116	2.18	2.97	743,022	\$7,266,054	317,645		
Res. Segment with Indirect Participants	1,756,485	\$25,367,055	205,727	57,174	194,485,116			743,022	\$7,266,054	317,645	2.13	2.84
Res. Segment Direct Participants Only	531,853	\$23,722,046	205,727	57,174	194,485,116			190,095	\$6,266,051	317,645	2.26	3.29
Low Income Segment												
Home Energy Savings Program	1,768	\$1,097,815	649	144	926,476	0.69	0.34	332	\$1,241,776	6,497	0.59	0.37
LI Home Energy Squad	964	\$229,007	877	120	933,131	1.42	1.07	645	\$221,263	4,225	2.00	0.91
Multi-Family Energy Savings Program	1,255	\$1,081,542	295	82	452,354	0.60	0.18					
Low Income Segment Total	3,987	\$2,408,363	1,821	345	2,311,961	0.68	0.34	977	\$1,463,039	10,722	0.81	0.45
Planning Segment												
Application Development and Maintenance	0	\$485,868	0	0	0			0	\$158,931	0		
Advertising & Promotion	0	\$3,778,732	0	0	0			0	\$909,335	0		
CIP Training	0	\$110,420	0	0	0			0	\$53,172	0		
Regulatory Affairs	0	\$504,560	0	0	0			0	\$89,582	0		
Planning Segment Total	0	\$4,879,580	0	0	0	0.00	0.00	0	\$1,211,020	0	0.00	0.00
Research, Evaluations & Pilots Segment												
Market Research	0	\$1,036,358	0	0	0			0	\$156,143	0		
Product Development	0	\$1,085,354	0	0	0	0.00	0.00	0	\$120,016	0	0.00	0
Energy Star Retail Products	27,416	\$833,735	11,281	951	5,013,519	1.41	2.75	0	\$24,626	0	0.00	0
Energy Information Systems	4	\$313,770	113	43	601,839	0.60	0.43	0	\$658	0	0.00	0
Research, Eval. & Pilots Segment Total	27,420	\$3,269,218	11,394	994	5,615,358	0.74	0.74	0	\$300,126	0	0.00	0.00
PORTFOLIO SUBTOTAL	1,918,224	\$86,522,325	338,069	134,931	602,059,155	1.98	3.46	765,805	\$15,132,566	913,240	2.16	3.37
Anticipated Alternative Filings												
CEE One Stop Efficiency Shop	1,983	\$17,721,706	15,564	13,469	78,389,292	1.58	2.47	0	\$0	0		
EnerChange	0	\$411,897	0	0	0			0	\$45,744	0		
Energy Smart	0	\$381,987	0	0	0			0	\$17,393	0		
Trillion BTU	0	\$118,936	0	0	0			0	\$7,601	0		
Energy Intelligence	0	\$271,581	0	0	0			0	\$28,359	0		
Anticipated Alternative Filings Total	1,983	\$18,906,107	15,564	13,469	78,389,292			0	\$99,098	0		
Assessments Segment												
Made In Minnesota	0	\$0	0	0	0			0	\$275,175	0		
Electric Utility Infrastructure	0	\$0	0	0	0			0		0		
PORTFOLIO TOTAL	1,920,207	\$107,451,885	353,633	148,400	680,448,447	1.91	3.19	765,805	\$15,506,839	913,240	2.14	3.28

Table 4: Xcel Energy's Electric Avoided CO2 Emissions

2018	Avoided First Year Emissions (short tons of CO ₂)	Avoided Lifetime Emissions (short tons of CO ₂)	Avoided First Year Emissions Intensities (lbs CO ₂ /generator MWH)	Avoided Lifetime Emissions Intensities (lbs CO ₂ /generator MWH)
Business Segment				
Business New Construction	24,919	318,718	947	606
Commercial Efficiency	20,267	232,570	947	621
Commercial Refrigeration	64	240	445	229
Computer Efficiency - PC Power MGMT	766	3,414	935	834
Cooling Efficiency	2,380	27,517	932	647
Custom Efficiency	2,219	26,442	947	608
Data Center Efficiency	2,788	24,530	912	714
Efficiency Controls	4,511	48,512	887	636
Fluid Systems Optimization	4,538	41,853	914	627
Foodservice Equipment	238	2,880	912	603
Heating Efficiency	157	1,830	912	612
Lighting Efficiency	59,241	607,433	818	582
Motor Efficiency	9,279	99,177	932	657
Multi-Family Building Efficiency	1,067	10,728	953	655
Process Efficiency	34,018	381,654	945	632
Recommissioning	2,839	16,979	887	772
Self-Direct	0	0	0	0
Turn Key	9,083	103,580	940	655
Business Segment Energy Efficiency Total	178,374	1,948,057	895	614
Electric Rate Savings	225	1,117	960	952
Saver's Switch for Business	3	30	960	747
Total	228	1,147	960	945
Business Education	0	0	0	0
Small Business Lamp Recycling	0	0	0	0
Business Indirect	0	0	0	0
Business Segment with Indirect Participants	178,602	1,949,204	1,855	1,559
Business Segment Direct Participants Only	178,602	1,949,204	1,855	1,559
Residential Segment				
Energy Efficient Showerhead	1	11	3	2
Energy Feedback Residential	8,079	24,237	915	915
Efficient New Home Construction	1,442	18,765	900	587
Residential Heating	5,043	60,816	916	616
Home Energy Squad	2,369	12,521	916	765
Home Lighting	64,314	293,343	910	783
Whole Home Efficiency	15	160	917	675
Insulation Rebate	177	2,083	915	698
Refrigerator Recycling	2,598	16,842	913	754
Residential Cooling	2,876	33,733	915	706
School Education Kits	1,155	6,843	917	780
Water Heater Rebate	0	0	0	0
Res. Segment Energy Efficiency Total	88,070	469,354	906	738
Residential Demand Response	76	702	926	754
Consumer Education	0	0	0	0
Home Energy Audit	0	0	0	0
Lamp Recycling - Residential	0	0	0	0
Residential Segment Total	88,146	470,057	906	738
Res. Segment with Indirect Participants	88,146	470,057	906	738
Res. Segment Direct Participants Only	88,146	470,057	906	738
Low Income Segment				
Home Energy Savings Program	418	3,387	903	658
LI Home Energy Squad	441	2,354	945	810
Multi-Family Energy Savings Program	206	1,746	909	665
Low Income Segment Total	1,065	7,487	921	701
Planning Segment				
Application Development and Maintenance	0	0	0	0
Advertising & Promotion	0	0	0	0
CIP Training	0	0	0	0
Regulatory Affairs	0	0	0	0
Planning Segment Total	0	0	0	0
Research, Evaluations & Pilots Segment				
Market Research	0	0	0	0
Product Development	0	0	0	0
Energy Star Retail Products	1,878	14,691	749	585
Energy Information Systems	0	0	0	0
Research, Eval. & Pilots Segment Total	1,878	14,691	669	552
PORTFOLIO SUBTOTAL	269,691	2,441,438	897	635

Compliance Reporting

Minnesota Rules ch. 7690 contains the requirements and procedures for CIP filings. Minnesota Statutes sections § 216B.2401, 216B.241, and 216B.2411 contain provisions the Company must meet in its CIP. All compliance points are addressed in this section.

Statutory Requirements

Minimum Spending Requirement

Minn. Stat. § 216B.241 subd. 1a requires that 2.0% of the Company's electric Gross Operating Revenues (GOR) be spent on electric CIP and 0.5% of gas GOR be spent on gas CIP. Table 5 shows our spending in relation to our approved minimum spending requirement.

Table 5: Minimum Spending Requirement

	Minimum Spending Requirement	Approved Spend*	Actual Spend	Variance of Actual to Minimum Spend
Electric	\$57,007,184	\$94,183,765	\$107,451,885	\$50,444,701
Gas	\$2,180,986	\$16,803,354	\$15,506,839	\$13,325,853
Total	\$59,188,170	\$110,987,119	\$122,958,724	\$63,770,554

*Approved Spend matches the total approved budgets in the November 3, 2016 Decision filed under this docket plus program modifications.

2018 Achievements as a Percentage of Sales

Table 6 shows our achievements as a percent of our 2014-2016 weather-normalized retail sales, adjusted for exempt customers as of May 15, 2016.

Table 6: Achievements as Percent of Sales

	Electric			Gas		
Year	Energy Savings Achieved (MWh)	Total Adjusted Sales (MWh)	Savings as % of Retail Sales	Energy Savings Achieved (Dth)	Total Adjusted Sales (Dth)	Savings as % of Retail Sales
2018	680,448	28,947,564	2.35%	913,240	71,897,513	1.27%

2018 Low-Income Spending Requirement

The following table compares our 2018 actual spend to the updated requirement. Both the approved low-income spend and actual spend are representative of programs only found in the Low-Income Segment and do not include spending associated with alternative programs, specifically EnerChange and EnergyWise, even though they also target low-income and non-profit customers. The Low-Income Segment section provides greater detail on low-income program achievements.

Table 7: Low-Income Spending Requirement

	Minimum Spending Requirement	Approved Low-Income Spend*	Actual Spend	Variance of Actual to Minimum Spend
Electric	\$2,159,572	\$2,375,297	\$2,408,363	\$248,791
Gas	\$1,282,022	\$1,627,584	\$1,463,039	\$181,017
Total	\$3,441,594	\$4,002,881	\$3,871,402	\$429,808

*Approved Spend matches the total approved budgets in the November 3, 2016 Decision filed under this docket plus program modifications.

2018 Research & Development 10% Spending Cap

Minn. Stat. § 216B.241, subd. 2(c) limits spending on Research & Development to 10% of the minimum spending requirement. As discussed on page 110 of the 2017-2019 CIP Triennial Plan, all Product Development spend is subject to this cap, except for pilot programs. Spending details are shown below.

Table 8: Research & Development Spending Cap

	Annual Spending Cap	Approved Spend	Actual Spend	Variance of Actual to Cap
Electric	\$5,700,718	\$1,723,902	\$1,085,354	-\$4,615,364
Gas	\$218,099	\$211,882	\$120,016	-\$98,083
Total	\$5,918,817	\$1,935,784	\$1,205,370	-\$4,713,447

Distributed Energy Resources Spending Cap

Minn. Stat. § 216B.2411, subd. 1(a) allows utilities to spend up to five percent of the utility's minimum spending requirement on distributed generation projects. In 2018, the Company did not have any distributed energy resources spending in CIP.

Previous program spending included Solar*Rewards Generation 1 and the Made in Minnesota program. The Solar*Rewards Generation 1 ended in 2014 and is no longer included within CIP (Docket No. E002/M-13-1015, July 23, 2014). The Made in Minnesota program ended in 2017. Minn. Statute §216C.412 Subd. 2, established in 2013, required public utilities to pay a portion of their minimum spend amount towards the Made in Minnesota solar energy production incentive account beginning January 1, 2014, and each January 1 thereafter, through 2023, for a total of ten years. Minn. Stat. §216C.412 was repealed on May 31, 2017 by 2017 Minnesota Law Chapter 94, Article 10, Section 30, thus ending the Company's obligation under the statute on a going forward basis.

Lighting Use and Recycling Programs

Minn. Stat. § 216B.241, subd. 5 requires utilities to invest in projects that encourage the use of energy efficient lighting and reclamation or recycling of spent fluorescent and high intensity discharge lamps. Xcel Energy met this requirement through its business and residential lighting and lamp recycling programs.

Carry-Forward Provision

Minn. Stat. §216B.241, subd. 1c. allows utilities to carry forward energy savings in excess of 1.5% for a year to the succeeding three calendar years for customer program savings and five years for electric utility infrastructure (EUI) projects. Because we surpassed the 1.5% electric savings goal, we meet the eligibility guidelines for use of the carry-forward provision.

The following table confirms our eligibility for the carry-forward provision for the 2018 program year and provides an update of the previously approved carry forward savings.

Table 9: Total Savings and Percent of Sales for Customer Program and Electric Utility Infrastructure Savings

2018	kWh	% of Sales
Customer Program Achievements	680,448,447	2.35%
EUI Achievements	0	0.00%
Total	680,448,447	2.35%

On February 20, 2018, the Department issued updated guidance in the matter of claiming energy savings through electric utility infrastructure (EUI) improvements and the energy savings carry forward provision (Docket No. E, G999/CIP-17-856). As the Company noted in our Comments on the new guidance, we are committed to transparency and reporting on our EUI projects and investments specifically motivated by efficiency in our annual CIP status reports, even if not electing to carry forward savings. In 2018, the Company did not complete any EUI improvement projects as part of CIP.

Triennial Decision Requirements

The following requirements were established in the Commissioner's November 3, 2016 Decision approving our 2017-2019 CIP Triennial Plan in Docket No. E,G002/CIP-16-115.

Budget Flexibility

In the November 3, 2016 Decision approving our 2017-2019 CIP Triennial Plan (E,G002/CIP-16-115), the Company was granted additional flexibility to exceed the approved budgets for all direct impact segments as long as the additional spending does not result in the segment becoming non-cost effective from the societal perspective. In 2018, no segment level spending exceeded approved spending flexibility.

Program Modifications

Minn. R. 7690.1400 requires utilities to file formal program modifications when:

- Proposing a new project;
- Discontinuing an existing project;
- Reducing the minimum qualifying efficiency level of a measure or technology;
- Decreasing project budgets, savings and participation goals;
- Increasing the Planning Segment annual budget by more than 25%; and
- Increasing the Research, Evaluations, and Pilots Segment by more than 25%.

In the November 3, 2016 Decision on our CIP Triennial Plan (E, G002/CIP-16-115), the Deputy Commissioner discontinued the use of the informal modification process, for a formal modification process and courtesy notifications. In 2018, the Company submitted the following program modification requests and courtesy notifications.

Table 10: Program Modification Filings

Modification Filing Date	Programs Included	Approval Date
February Modification Request (2/22/18)	Home Energy Savings Program (HESP)	4/28/18
	Market Research	
	Water Heater Rebate Program	
June Modification Request (6/6/18)	Lighting Efficiency	9/13/18
June Courtesy Notifications (6/6/2018)	Lighting Efficiency	n/a
	Multi-Family Building Efficiency	
June Modification Request (6/20/18)	Efficiency Controls	Not Approved
September Modification Request (9/28/18)	Computer Efficiency & Data Center Efficiency	1/16/19
	Heating Efficiency	
	Refrigerator Recycling	
	Whole Home Efficiency	
September Courtesy Notifications (9/28/18)	Efficiency Controls	n/a
	Efficient New Home Construction	
	Residential Cooling	
December Modification Request (12/27/18)	Efficient New Home Construction	3/12/19
	Home Energy Savings Program (HESP)	
	Insulation Rebate	
	Lighting Efficiency	
	Turn Key Services	
December Modification Request (12/27/18)	Thermostat Optimization	Pending Approval
December Courtesy Notification (12/27/18)	Residential Programs	n/a

Customer Incentive Flexibility

The Company has the flexibility to change rebate amounts provided changes do not result in the rebate exceeding the incremental cost of the efficiency improvement and are not made in an effort to take a customer away from a competitor. The Company complied with this requirement.

Other Regulatory Requirements

Compliance with Measurement and Verification (“M&V”) Protocols for Large Custom CIP Projects

On July 23, 2008, the Deputy Commissioner approved the M&V Protocols for Large Custom CIP Projects, as part of Docket No. E,G999/CIP-06-1591. The Protocols apply to custom projects that have savings greater than 1 GWh or 20,000 Dth and are initiated after April 1, 2008. As required by the protocols, we submitted 14 projects that met these criteria and required monitoring. We submitted monitoring reports for all of these qualifying projects to the Department, which required approval.

2018 Employee Expenses

In the Department’s August 13, 2010 Comments in Docket No. E002/M-10-296, the Department proposed employee expense guidelines, including a recommended cap on employee expenses of 0.5 percent of total annual budgets or expenses. In 2018, the Company had a total of \$266,863 in employee expenses related to CIP. These expenses comprise about 0.2% of our total CIP spending for 2018, which is below the Department’s proposed cap of 0.5% of total annual budget or expenses. The following table summarizes our employee expenses for 2018.

Table 11: Summary of 2018 Employee Expenses

Employee Expense Category	Electric Amount	Gas Amount	Total
Airfare	\$41,073.88	\$5,425.72	\$46,552.88
Hotel	\$47,838.62	\$8,083.03	\$56,285.82
Car Rental	\$771.62	\$36.97	\$828.44
Taxi/bus	\$3,370.20	\$619.11	\$4,064.31
Mileage	\$40,109.19	\$6,173.63	\$46,637.34
Parking	\$6,780.34	\$947.03	\$7,732.37
Business Meals- Employees Only	\$15,960.05	\$2,602.31	\$18,789.48
Business Meals- Including Non-Employees	\$21,514.12	\$2,390.68	\$23,916.43
Conferences/Seminars/Training	\$46,785.06	\$15,161.87	\$62,056.68
Total Employee Expenses	\$224,203.08	\$41,440.35	\$266,863.75

These expenses were incurred consistent with our employee expense policies, which provide guidance on the types of charges that are recoverable and non-recoverable through CIP. We report these expenses at the level of detail available from a query of our accounting system.

2018 Influenced Savings Projects

There are two influenced savings projects to report for 2018. The term “Influenced Savings” refers to projects for which Xcel Energy played a significant role in the customer’s decision to implement an energy efficiency measure and for which the customer participated in the normal Custom Efficiency project submission process, yet whose cost-effective analysis or payback period failed. For such projects, Xcel Energy denies the customer any rebate for their efficiency measure, but

claims Influenced Savings in order to appropriately account for the Company's energy and demand savings for the implementation of the higher energy efficiency technology and to recognize the often significant labor and/or study costs invested in the project.

To qualify as an influenced savings project, the project must satisfy the following guidelines:

1. Project Pre-approval – Must occur prior to purchase and installation.
2. Cost-Effectiveness Tests – Projects must pass the Participant and Societal Tests.
3. Payback – Projects with a payback period of less than nine months may be considered only if they meet all the other Influenced Savings guidelines herein.
4. Large Projects – Projects with savings of 2 GWh and greater require separate DER pre-review. All other projects will be reviewed as part of the Status Report.
5. Savings Cap – Influenced Savings claims cannot exceed 4% of the Company's annual CIP achievements.
6. Documentation – Documentation must be provided to show Xcel Energy's involvement was an important factor in implementing the energy saving project.

Xcel Energy submits the following supplemental information for its two influenced savings projects in 2018. Table 12 summarizes the programs affected by these projects and the associated savings. To maintain customer anonymity, the projects will be referred using their OID number. As required for Influenced Savings, these projects received Xcel Energy preapproval and passed the societal and participant tests, but did not receive a rebate. Influenced savings projects are included in the programs they fall under. Savings from Influenced Savings projects account for less than 0.01% of total electric savings.

Table 12: Summary of Influenced Savings Projects

Project OID	Program	Customer KW	Customer kWh	Dth
2636526	Commercial Efficiency	21.50	157,211	-126
3200519	Turn Key Services	8.46	56,008	-45
	Totals	29.96	213,219	-171

Influenced Savings Project Descriptions

The 2018 Influenced Savings Project summary trackers comprise the following two pages.

**2018 Influenced Savings
Supplementary Information Worksheet**

Project Number OID2636526
Program Name Commercial Efficiency
Project Type Electric

Project Information		
Pre-approval Date	Equipment Installed	Payback (years)
February 10, 2017	LEDs	0.37

Electric Cost-Benefit Test Results			
Participant Test	Utility Test	Rate Impact Test	Societal Test
N/A	0.00	N/A	11.20

Gas Cost-Benefit Test Results			
Participant Test	Utility Test	Rate Impact Test	Societal Test
N/A	N/A	N/A	N/A

Project Description
TPS Stairwell CFL Replacement (128 --> 28W): Replace CFL Lamps with LED Retrofit lamps

Estimated Energy Savings			
Customer kW	Customer kWh	Dth Natural Gas	Reason for Rebate Denial
21.50	157,211	-126	Payback Requirements

Project History	
Note: Please make sure there is no customer-identifying info in history	
Date	Description
4/23/2014	MOU-1 signed date
2/8/2017	Customer applied for pre-approval
2/10/2017	Project pre-approved
3/2/2018	Project Completed

**2018 Influenced Savings
Supplementary Information Worksheet**

Project Number OID3200519

Program Name Turn Key Services

Project Type Electric

Project Information		
Pre-approval Date	Equipment Installed	Payback (years)
1/10/18 (lighting proj.) 4/12/17 (TK Assessment readout)	4' Type A LED 17 watt 2 lamp	0.73

*Assessment readouts typically serve as conditional pre-approval for EE projects.

Electric Cost-Benefit Test Results			
Participant Test	Utility Test	Rate Impact Test	Societal Test
N/A	4.44	N/A	3.07

Gas Cost-Benefit Test Results			
Participant Test	Utility Test	Rate Impact Test	Societal Test
N/A	N/A	N/A	N/A

Project Description
Install non-DLC rated Type A LED lamps: Replace existing fluorescent lamps with TLED (non-DLC rated).

Estimated Energy Savings			
Customer kW	Customer kWh	Dth Natural Gas	Reason for Rebate Denial
8.46	56,008	-45	Payback Requirements

Project History	
Note: Please make sure there is no customer-identifying info in history	
Date	Description
4/12/2017	Customer received list of Energy Efficiency project recommendations via Turn Key Services audit report. One of the projects was this cost-effective LED retrofit which they decided to pursue.
11/29/2017	Customer applied for pre-approval
1/10/2018	Project pre-approved
2/5/2018	Project Completed

**Northern States Power Company,
a Minnesota corporation
Summary of the Evaluations of Product Impact Measurement Methods
Reference Docket No. E002/M-90-1159**

Background

In a January 3, 1992 Order in Docket No. E002/M-90-1159, the Commission required a performance measurement evaluation to accompany Northern States Power Company, a Minnesota corporation's, financial incentive mechanism filing. This information, suggested by the Department of Public Service (now the Division of Energy Resources), was required in order to provide a sound basis for Xcel Energy's DSM Financial Incentive. In 1999, 2010, 2012, and again in 2016, the Commission modified Xcel Energy's financial incentive but retained the basic performance-based philosophy that requires ongoing efforts to ensure that impacts are reasonably well measured.

Xcel Energy considers the following factors in determining what impact measurement methods are appropriate:

- The uncertainties associated with existing impact estimates;
- The relative importance of the individual product;
- The cost of impact measurement relative to the overall cost and cost-effectiveness of its various products;
- Informal ongoing product management evaluation efforts to identify issues requiring a more formal evaluation;
- The extent to which previous evaluation work remains pertinent;
- Cost-effective developments in measurement and evaluation methods; and
- Effects of free-ridership, free-drivership, and spillover.

The Company's process and/or impact analysis efforts since 2007 are shown in the following table:

Table 13: Xcel Energy's Process and/or Impact Analysis Efforts Since 2007

<u>Product</u>	<u>Type</u>	<u>Status</u>
Motors Efficiency	Process and Impact Evaluation	Completed in 2007
Home Performance	Qualitative Market Assessment	Completed in 2007
Custom Efficiency	Site-Specific Impact Review	<i>Annual Evaluation</i>
Energy Design Assistance	Site-Specific Impact Review	<i>Annual Evaluation</i>
Residential Saver's Switch®	Impact Evaluation	<i>Annual Evaluation</i>
Saver's Switch® for Business	Impact Evaluation	<i>Annual Evaluation</i>
Low Income Program	Customer Satisfaction Study	<i>Annual Evaluation until 2010</i>
Home Energy Audits	Customer Satisfaction Study	<i>Ongoing Study</i>
Energy Efficient Showerhead	Customer Satisfaction Study	Completed in 2008
Recommissioning Program	Customer Satisfaction Study	Completed in 2008
Residential Heating System Rebates	Process and Impact Evaluation	Completed in 2008
Gas Market Potential Study	Potential Study	Completed in 2009

Energy Design Assistance Program	Process & Impact Evaluation	Completed in 2009
Saver's Switch® Program	Process Evaluation	Completed in 2009
Energy Rate Savings	Process Evaluation	Completed in 2010
Energy Management Systems	Process and Impact Evaluation	Completed in 2010
Recommissioning	Process and Impact Evaluation	Completed in 2010
CEE One Stop Efficiency Shop	Process Evaluation	Completed in 2010
ENERGY STAR Homes	Process and Impact Evaluation	Completed in 2010
Low Income Home Energy Services Program	Process and Impact Evaluation	Completed in 2011
Residential Cooling Quality Installation Verification	Process and Impact Evaluation	Completed in 2011
Commercial Heating Efficiency	Process and Impact Evaluation	Completed in 2011
Efficiency Motors/Drives	Process and Impact Evaluation	Completed in 2011
Trillion BTU Program	Process Evaluation	Completed in 2011
Energy Efficient Showerhead	Customer Satisfaction Study	Completed in 2011
Residential Lighting	Process and Impact Evaluation	Completed in 2012
MN Electric Potential Study - Xcel Energy Service Area	Potential Study	Completed in 2012 Updated in 2014
Solar*Rewards	Process Evaluation	Completed in 2012
Business Cooling Efficiency	Process and Impact Evaluation	Completed in 2012
Business Process Efficiency	Process and Impact Evaluation	Completed in 2012
Business Custom Efficiency	Process and Impact Evaluation	Completed in 2013
Residential Consumer Education	Process Evaluation	Completed in 2013
Residential Home Performance	Process and Impact Evaluation	Completed in 2013
Residential Home Energy Squad	Process and Impact Evaluation	Completed in 2014
Residential Heating Systems Rebates	Process and Impact Evaluation	Completed in 2014
Fluid System Optimization	Process and Impact Evaluation	Completed in 2015
Recommissioning	Process and Impact Evaluation	Completed in 2015
School Education Kits	Process and Impact Evaluation	Completed in 2015
Computer Efficiency	Process and Impact Evaluation	Completed in 2016
Lighting Efficiency	Process and Impact Evaluation	Completed in 2016
Efficiency Controls	Process and Impact Evaluation	Completed in 2016
Refrigerator Recycling	Process and Impact Evaluation	Completed in 2016
Data Center Efficiency	Process and Impact Evaluation	Completed in 2017
Heating Efficiency	Process and Impact Evaluation	Completed in 2017
Insulation Rebates	Process and Impact Evaluation	Completed in 2017
Business New Construction	Process and Impact Evaluation	Completed in 2018

Motor and Drive Efficiency	Process and Impact Evaluation	Completed in 2018
Multi-Family Building Efficiency	Process Evaluation +	Completed in 2018
Water Heater Rebates	Process Evaluation +	Completed in 2018

+ 2018 Multi-Family Building Efficiency (MFBE) and Water Heater Rebates evaluations included a modified impact component that examined qualitative indicators of free ridership and/or spillover to manage evaluation costs with the addition of the MFBE evaluation that was ordered in the decision approving the 2017-2019 CIP Triennial Plan.

Following is a summary of current energy savings calculation methods and M&V practices. For products where technical assumptions have changed due to evaluation or impact analysis results, the specific changes have been documented in the text of this status report and incorporated into the respective CIP cost-benefit analyses.

Current Analysis Methods

Product impact estimates are typically developed for demand savings, energy savings, coincidence, loss factors, and the lifetime of DSM measures. These parameters are needed for product economic analyses and for direct tracking of product impacts as required for the Company's CIP and Resource Plans.

Energy Efficiency Programs

Developing a good baseline from which to estimate the savings for more efficient technologies is an important part of impact estimation. We regularly update our DSM products and impact estimates to keep pace with changing energy efficiency standards. In addition, we have conducted broad-based market assessments to track technology market saturation and use patterns, and make appropriate changes to products' impact estimates. Finally, we maintain regular contacts with various researchers, equipment manufacturers, distributors, and retailers to keep abreast of current efficiency market trends in order to make any needed changes to DSM products or their impact estimates.

For custom projects, energy savings and coincidence factor estimates are usually based on Xcel Energy-specific market and/or load research regarding annual hours of use and times of operation.

Load Management Programs

Load management programs either require interval data collection to calculate customer bills, or they involve behavioral changes on the part of customers. We base the impacts on our analysis of metering data, as the effects are more difficult to estimate through engineering methods. The extensive metering data gathered, covering both interrupt and non-interrupt periods, allows more accurate estimation of customers' baseline electricity use and net product impacts than is readily achievable with energy efficiency programs.

Current Measurement and Verification Practices

In 2018, our M&V efforts mirrored those filed on pages 114-119 of our 2017-2019 Triennial Plan. Each program has an M&V plan to provide assurance that rebated measures were implemented as reported and that our reported savings are as accurate as possible. For prescriptive business and residential programs, we hire third party contractors to perform random audits on a statistically valid number of rebated projects in order to determine an appropriate realization rate for each program. This realization rate is then applied to the total gross savings for each program for that given year. Some prescriptive residential programs have M&V plans tailored to their program design and delivery method. For Custom business programs, the Company follows the M&V Protocols for

Large Custom CIP Projects approved by the Director in Docket No. E,G999/CIP-06-1591.

Low-Income and Renter Participants

On June 24, 2016, the Company filed a letter to supplement the 2017-2019 CIP Triennial Plan. In that letter the Company mentioned that it would provide the following information:

For each project targeted at residential consumers, an estimate of the anticipated percentage of participation of each project among:

- a. Low-income participants; and
- b. Renters;

Tables 14 and 15 provide the following information.

Table 14: Low-Income Participation by Project, 2018

Project	Low-Income - Electric			Low-Income - Gas		
	Participants	Low-Income Participants	Percent of Participation	Participants	Low-Income Participants	Percent of Participation
<u>Business Segment</u>						
Multi-Family Building Efficiency	8,927	1,361	15.2%	2,052	412	20.1%
<u>Residential Segment</u>						
Energy Efficient Showerhead	1,735	274	15.8%	14,115	749	5.3%
Energy Feedback Residential	221,281	8,633	3.9%	148,269	6,937	4.7%
Efficient New Home Construction	2,551	9	0.4%	1,425	7	0.5%
Residential Heating	14,885	295	2.0%	8,467	244	2.9%
Home Energy Squad	3,682	37	1.0%	1,301	16	1.2%
Home Lighting	218,193	1,299	0.6%			
Whole Home Efficiency	35	0	0.0%	35	0	0.0%
Insulation Rebate	578	23	4.0%	626	30	4.8%
Refrigerator Recycling	6,031	141	2.3%			
Residential Cooling	18,451	226	1.2%			
School Education Kits	14,021	5,370	38.3%	14,021	5,370	38.3%
Water Heater Rebate				1,319	75	5.7%
Residential Demand Response	30,410	790	2.6%	517	6	1.2%
Consumer Education	685,968	75,457	11.0%	550,988	60,609	11.0%
Home Energy Audit	2,211	192	8.7%	1,939	185	9.5%
Lamp Recycling - Residential	536,453	3,193	0.6%	0		
Residential Total	1,756,485	95,938	5.5%	743,022	74,227	10.0%
<u>Low Income Segment</u>						
Home Energy Savings Program	1,768	1,768	100.0%	332	332	100.0%
LI Home Energy Squad	964	964	100.0%	645	645	100.0%
Multi-Family Energy Savings Program	1,255	1,255	100.0%			
Low Income Segment Total	3,987	3,987	100.0%	977	977	100.0%
TOTAL	1,769,399	101,286	5.7%	746,051	75,616	10.1%

Table 15: Renter Participation by Project, 2018

Project	Renter - Electric			Renter - Gas		
	Participants	Renter Participants	Percent of Participation	Participants	Renter Participants	Percent of Participation
<u>Business Segment</u>						
Multi-Family Building Efficiency	8,927	7,427	83.2%	2,052	1,794	87.4%
<u>Residential Segment</u>						
Energy Efficient Showerhead	1,735	146	8.4%	14,115	367	2.6%
Energy Feedback Residential	221,281	101,006	45.6%	148,269	68,239	46.0%
Efficient New Home Construction	2,551	4	0.2%	1,425	3	0.2%
Residential Heating	14,885	217	1.5%	8,467	124	1.5%
Home Energy Squad	3,682	102	2.8%	1,301	30	2.3%
Home Lighting	218,193	47,348	21.7%			
Whole Home Efficiency	35	0	0.0%	35	0	0.0%
Insulation Rebate	578	4	0.7%	626	9	1.4%
Refrigerator Recycling	6,031	157	2.6%			
Residential Cooling	18,451	344	1.9%			
School Education Kits	14,021	3,043	21.7%	14,021	3,043	21.7%
Water Heater Rebate				1,319	25	1.9%
Residential Demand Response	30,410	831	2.7%	517	13	2.5%
Consumer Education	685,968	75,457	11.0%	550,988	60,609	11.0%
Home Energy Audit	2,211	68	3.1%	1,939	76	3.9%
Lamp Recycling - Residential	536,453	116,410	21.7%	0		
Residential Total	1,756,485	345,136	19.6%	743,022	132,538	17.8%
<u>Low Income Segment</u>						
Home Energy Savings Program	1,768	191	10.8%	332	6	1.8%
LI Home Energy Squad	964	225	23.3%	645	176	27.3%
Multi-Family Energy Savings Program	1,255	1,255	100.0%			
Low Income Segment Total	3,987	1,671	41.9%	977	182	18.6%
TOTAL	1,769,399	354,234	20.0%	746,051	134,514	18.0%

Northern States Power Company
a Minnesota corporation
2018 Conservation Cost Recovery Report
Reference Docket No. E002/GR-92-1185

Cost-effective conservation benefits all of our customers by reducing the need to build new power plants or other generation facilities to meet our customers' electricity needs. Conservation also has environmental benefits, including a reduction in air pollution and greenhouse gas emissions associated with using fossil fuels. This section reports the actual 2018 spending and cost recovery, as well as the electric tax and rate base factors and calculation of the cost of capital.

Electric Achievements

In 2018, Xcel Energy spent \$107,451,885 on its electric CIP efforts. These expenditures provided an overall reduction of over 680 GWh. Xcel Energy is requesting recovery of \$107,451,885 in 2018 electric CIP expenses. We are also requesting recovery of \$28,856,219 in financial incentives earned for our 2018 electric CIP performance for total electric recovery of \$136,308,104.

Gas Achievements

Xcel Energy conserved 913,240 Dth through its 2018 natural gas CIP at a cost of \$15,506,839. The Company requests recovery of \$15,506,839 in CIP expenditures, as well as \$4,391,216 in financial incentive earned for our 2018 gas CIP performance for total natural gas recovery of \$19,898,055.

The tables on the following pages include:

- Xcel Energy's 2018 electric (Table 17) and gas (Table 18)¹ CIP Trackers, which document monthly CIP expenditures and recovered costs.
- Summary of the electric tax and rate base factors (Table 19) used in the electric CIP Tracker.
- Calculation of the Cost of Capital (Table 20) provides the tax factors and capital structure used to determine cost recovery and return on rate base in the electric CIP Trackers.

¹ Please note that the Total Recovery (Line 9) in the Gas CIP Tracker for 2018 from January through July differs from the totals included in the Compliance Filing dated September 14, 2018 for the 2018/2019 Natural Gas CIP Adjustment Factor (Docket No. G002/M-18-246). The total recovery has been updated to reflect revised total sales from Gas CIP Exempt customers.

Northern States Power Company, a Minnesota corporation**State of Minnesota- Electric Utility****DSM Cost Recovery & Incentive Mechanism - Total****2018 Actuals**

		<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Annual</u>
	<u>EXPENSES</u>	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
1.	Balance	31,486,876	27,632,098	25,643,663	22,450,464	20,827,481	16,916,414	15,269,676	7,507,462	1,966,822	582,797	28,043,266	27,912,481	31,486,876
2.	CIP Program Expenditures	8,313,585	8,405,162	8,247,093	8,643,716	7,741,977	11,602,970	6,326,223	8,716,001	10,551,008	7,967,552	10,587,666	10,348,933	107,451,885
3.	2017 Performance Incentive										30,241,197			30,241,197
4.	Total Expenses + Incentive (Line 1 + 2 + 3)	39,800,461	36,037,260	33,890,756	31,094,180	28,569,458	28,519,384	21,595,899	16,223,464	12,517,830	38,791,546	38,630,932	38,261,414	169,179,959
	<u>RECOVERY</u>													
5.	CCRC Rate (\$/MWh)	3.133	3.133	3.133	3.133	3.133	3.133	3.133	3.133	3.133	3.133	3.133	3.133	
6.	CCRC Cost Recovery (CCRC times Sales)	7,619,473	6,508,681	7,162,688	6,428,081	7,294,392	8,292,849	8,815,602	8,919,437	7,466,692	6,815,552	6,796,624	7,368,765	89,488,835
7.	CIP Adjustment Factor Rate (\$/MWh)	1.875	1.875	1.875	1.875	1.875	1.875	1.875	1.875	1.875	1.813	1.813	1.813	
8.	CIP Adjustment Factor Recovery (Factor times Sales)	4,560,010	3,895,237	4,286,639	3,847,000	4,365,460	4,963,004	5,275,855	5,337,997	4,468,576	3,944,014	3,933,061	4,264,147	53,140,998
9.	Sub-Balance (Line 4 - 6 - 8)	27,620,978	25,633,343	22,441,429	20,819,099	16,909,606	15,263,531	7,504,441	1,966,030	582,562	28,031,980	27,901,248	26,628,502	26,550,125
10.	Accum Deferred Tax (Line 9 * 28.742%)	7,938,821 28.74%	7,367,535 28.74%	6,450,116 28.74%	5,983,825 28.74%	4,860,159 28.74%	4,387,044 28.74%	2,156,926 28.74%	565,076 28.74%	167,440 28.74%	8,056,952 28.74%	8,019,377 28.74%	7,653,564 28.74%	
11.	Net Investment (Line 9 - 10)	19,682,157	18,265,808	15,991,313	14,835,274	12,049,447	10,876,487	5,347,515	1,400,954	415,122	19,975,028	19,881,871	18,974,938	
12.	Carrying Charge (Line 11 * Carrying Charge Rate)	11,120	10,320	9,035	8,382	6,808	6,145	3,021	792	235	11,286	11,233	10,721	89,098
13.	End of Month Balance (Line 9 + 12)	27,632,098	25,643,663	22,450,464	20,827,481	16,916,414	15,269,676	7,507,462	1,966,822	582,797	28,043,266	27,912,481	26,639,223	

Table 17: 2018 Electric CIP Tracker (DSM Cost Recovery)

Northern States Power Company, a Minnesota corporation
State of Minnesota - Gas Utility
DSM Cost Recovery and Incentive Mechanism
Tracker and Balance (\$)
2018 Actual

<u>EXPENSES</u>	<u>Jan</u> Actual	<u>Feb</u> Actual	<u>Mar</u> Actual	<u>Apr</u> Actual	<u>May</u> Actual	<u>Jun</u> Actual	<u>Jul</u> Actual	<u>Aug</u> Actual	<u>Sept</u> Actual	<u>Oct</u> Actual	<u>Nov</u> Actual	<u>Dec</u> Actual	<u>Total</u>
1. Balance	(\$919,946)	(\$3,928,794)	(\$6,511,478)	(\$8,281,399)	(\$9,380,915)	(\$8,862,882)	(\$8,236,272)	(\$7,714,741)	(\$7,020,140)	(\$6,548,941)	(\$2,836,976)	(\$3,033,551)	
2. CIP Program Expenditures	1,097,409	1,118,761	1,123,746	1,174,071	1,361,932	1,293,473	1,099,420	1,315,140	1,196,560	1,055,466	1,914,739	1,756,123	15,506,839
3. 2017 Performance Incentive			99,993							3,753,592			3,853,585
4. Total Expenses (Line 1 + 2 + 3)	177,463	(2,810,033)	(5,287,738)	(7,107,328)	(8,018,983)	(7,569,409)	(7,136,852)	(6,399,601)	(5,823,580)	(1,739,883)	(922,238)	(1,277,428)	18,440,478
<u>RECOVERY</u>													
5. CCRC Rate (\$/Dth)	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	
6. CCRC Cost Recovery	704,535	634,670	512,894	389,101	143,684	113,371	98,166	105,585	123,648	276,555	532,710	601,329	4,236,247
7. CIP Adjustment Factor Rate (\$/Dth)	0.25277	0.25277	0.25277	0.25277	0.25277	0.25277	0.25277	0.25277	0.25277	0.15504	0.15504	0.15504	
8. CIP Adjustment Factor	3,398,573	3,061,555	2,474,127	1,876,966	693,109	546,888	473,538	509,326	596,462	818,264	1,576,171	1,779,198	17,804,177
9. ^{Recovery} Total Recovery (Line 6 + 8)	4,103,107	3,696,225	2,987,021	2,266,067	836,793	660,259	571,704	614,911	720,111	1,094,819	2,108,882	2,380,527	
10. Rate Refund	0	0	0	0	0	0	0	0	0	0	0	0	0
11. Sub-Balance (Line 4-9)	(3,925,644)	(6,506,257)	(8,274,760)	(9,373,394)	(8,855,776)	(8,229,668)	(7,708,555)	(7,014,511)	(6,543,690)	(2,834,702)	(3,031,119)	(3,657,955)	
12. Accum Deferred Tax (Line 11 * 28.742%)	(1,128,309)	(1,870,029)	(2,378,331)	(2,694,101)	(2,545,327)	(2,365,371)	(2,215,593)	(2,016,111)	(1,880,787)	(814,750)	(871,204)	(1,051,370)	(21,831,283)
13. Net Investment (Line 11-12)	(2,797,335)	(4,636,229)	(5,896,428)	(6,679,293)	(6,310,449)	(5,864,297)	(5,492,962)	(4,998,401)	(4,662,903)	(2,019,952)	(2,159,915)	(2,606,586)	(54,124,750)
14. Carrying Charge (a) (Line 13 * Carrying Charge Rate)	(3,150)	(5,220)	(6,639)	(7,521)	(7,106)	(6,603)	(6,185)	(5,628)	(5,250)	(2,274)	(2,432)	(2,935)	(60,944)
15. End of Month Balance (Line 11+14)	(3,928,794)	(6,511,478)	(8,281,399)	(9,380,915)	(8,862,882)	(8,236,272)	(7,714,741)	(7,020,140)	(6,548,941)	(2,836,976)	(3,033,551)	(3,660,890)	

Table 18: 2018 Gas CIP Tracker (DSM Cost Recovery)

Table 19: Summary of Electric Tax and Rate Base Factors

The following variables are used in the electric CIP Tracker. These values were established in rate cases. Xcel Energy used the rates approved in its 2012 rate case, which was based off of the 2013 test year, (E002/GR-12-961) beginning December 1, 2013.

<u>Variables</u>	<u>2011</u>	<u>2013</u>	<u>Tax Rates</u>	<u>2011</u>	<u>2013</u>
Number of Months =	12	12	Tax Factor =	3.85%	3.65%
Monthly Carrying Charge =	0.9614%	0.0565%			
Annual Amortization Fctr =	20.00%	20.00%	Accumulated Deferred Tax =	41.37%	41.37%
			Tax Rate =	41.37%	41.37%
Common Equity % =	52.56%	52.56%			
Preferred Equity % =	0.00%	0.00%	Rate Base Factor =	12.17%	11.10%
Total Debt % =	47.44%	47.44%			
Weighted Cost Common Equity =	5.45%	5.17%			
Weighted Cost Pref Equity =	0.00%	0.00%			
Weighted Cost Total Debt =	2.87%	2.28%			
Normal ROI =	8.32%	7.45%			
CCRC (\$/MWh)	\$2.647	\$3.133			

Table 20: Calculation of the Cost of Capital

This table shows the tax factors and capital structure used for the electric cost recovery and return on rate base calculations in Tables 16 (2018 Electric CIP Tracker) and 18 (Summary of Electric Tax and Rate Base Factors).

Capital Structure	Capitalization		Cost of Capital		Weighted Average	
	2011 Test Yr	2013 Test Yr	2011 Test Yr	2013 Test Yr	2011 Test Yr	2013 Test Yr
Long-Term Debt	46.88%	45.30%	6.09%	5.02%	2.86%	2.27%
Short-Term Debt	0.56%	2.14%	2.43%	0.68%	0.01%	0.01%
TOTAL DEBT	47.44%	47.44%	8.53%	5.70%	2.87%	2.28%
Preferred Equity	0.00%	0.00%	N/A	N/A	N/A	N/A
Common Equity	52.56%	52.56%	10.37%	9.83%	5.45%	5.17%
TOTAL EQUITY	52.56%	52.56%			5.45%	5.17%
TOTAL CAPITAL	100.00%	100.00%			8.32%	7.45%
MN Tax Rate =					41.37%	41.37%
Normal Return =					8.32%	7.45%
Rate Base Factor = $\{\text{ROI} - (\text{WTD Cost Debt} \times \text{Tax Rate})\} / (1 - \text{Tax Rate})$					12.17%	11.10%
Tax Factor = Rate Base Factor - ROI					3.85%	3.65%
Monthly Carrying Charge Rate Calculation						
Annual Revenue Requirements Factor = $\{\text{ROI} - (\text{WTD Cost Debt} \times \text{Tax Rate})\} / (1 - \text{Tax Rate})$					12.17%	11.10%
Monthly Revenue Requirements Factor = $\{(1 + \text{short term debt}) \text{ to the } 1/12 \text{ Power}\} - 1$					0.9614%	0.0565%
						0.000565
CCRC Tracker Rate (\$/MWh)					\$ 2.647	\$ 3.133

Northern States Power Company
a Minnesota corporation
2018 Electric and Natural Gas CIP Adjustment Rate Report

On March 20, 1995, the Commission approved Xcel Energy's request to implement a CIP Adjustment Factor (Docket No. E002/M-94-1016). This bill rider, adjusted annually, provides the Company with a secondary cost recovery method above the amounts included in base rates (Conservation Cost Recovery Charge or CCRC). The CIP Adjustment Factor is normally approved by the Commission for a 12-month period beginning in the month following the Commission's approval, and is calculated by dividing the forecasted CIP tracker balance by the forecasted sales (kWh or therms) for the period over which the adjustment will be in place. Xcel Energy is required to file a recalculation of its CIP Adjustment Factors each April in conjunction with its financial incentive and CIP status report filings.

The current electric CIP Adjustment Factor of \$0.001813 per customer kWh was approved by the Commission on September 4, 2018 in Docket No. E002/M-17-259. This rate was implemented on October 1, 2018 and is designed to reduce the electric CIP Tracker balance to \$0 by September 30, 2019. The current natural gas CIP Adjustment Factor of \$0.015504 per therm was approved by the Commission on September 4, 2018 in Docket No. G002/M-17-258 and implemented on October 1, 2018. It was also designed to reduce the natural gas CIP Tracker to \$0 by September 30, 2019.

Xcel Energy submits this compliance filing and report to support our request of the following:

- Recovery of \$28,856,219 for our 2018 electric DSM financial incentives;
- Recovery of \$4,391,216 for our 2018 natural gas DSM financial incentive;
- A change in the electric CIP Adjustment Factor from \$0.001813 to \$0.001581 per kWh effective the first billing cycle beginning in October 2019 through September 2020; and
- A change in the natural gas CIP Adjustment Factor from \$0.015504 per therm to \$0.022357 per therm effective the first billing cycle beginning in October 2019 through September 2020.

Proposed Electric CIP Adjustment Factor for Period October 2019 Through September 2020

Xcel Energy requests a new electric CIP Adjustment Factor of \$0.001581 per customer kWh to be effective with the first billing cycle of October 2019 and to remain in effect through the September 2020 billing period. This proposed factor is calculated to reduce the electric CIP Tracker balance to \$0 by the end of September 2020. It is based on the forecasted September 2020 unrecovered balance in the Company's electric CIP Tracker account. This forecasted balance is \$43.63 million, based on the forecasted October 2019 beginning balance, October 2019 through September 2020 approved and projected expenditures, forecasted 2019 incentives and forecasted CCRC recovery at the current CCRC rate. The inputs and calculation are shown below.

Forecasted beginning balance (Oct 2019)	\$21,461,853
Approved expenditures (Oct 2019 - Sept 20)	\$95,934,611
Forecasted 2019 incentive	\$12,746,662
Less forecasted CCRC recovery (Oct 2019 - Sept 20)	\$86,512,712
Forecasted Sept 2020 balance	\$43,630,415

As in the past, Xcel Energy will include a message referencing the change in the CIP Adjustment Factor in customers' bills. In the event that Commission approval of the proposed adjustment is delayed beyond September 20, 2019 (in order to implement the rate change by October 1), the Company will continue to apply the current CIP Adjustment of \$0.001813 per kWh up to the first cycle of the first full billing period following Commission approval of a revised factor.

Calculation of Revised Electric CIP Adjustment Factor

(1) Forecasted Oct 2020 Electric CIP Tracker Balance	\$43,630,415
(2) Forecasted Electric Sales (MWh)– Oct 2019 through Sept 2020 ¹	27,613,378
(3) Recalculated Electric CIP Adjustment Rate = (1)/(2)	\$1.580/MWh
	\$0.001580/kWh

Our above forecasted balance does not include carrying charges. To get as close as possible to a \$0 balance by Sept. 30, 2020, the calculated rate of \$0.001580 was incrementally increased to incorporate the effect of carrying charges. We determined the final rate by increasing the calculated rate until the September 2020 forecasted CIP Tracker balance approached zero (\$0) without going negative. The resulting rate is **\$0.001581 per kWh**. As shown in Table 20, this rate results in a forecasted September 30, 2020 Tracker balance of \$2,236.

Proposed Natural Gas CIP Adjustment Factor for Period October 2019 Through September 2020

Xcel Energy requests a new natural gas CIP Adjustment Factor of \$0.022357 per therm to be effective with the first billing cycle of October 2019 and remaining in effect through the September 2020 billing period. The proposed factor is based on the forecasted October 1, 2019 unrecovered balance in the Company's gas CIP Tracker account. This forecasted balance is \$2.05 million, based on the forecasted October 2019 beginning balance, October 2019 through September 2020 approved and projected expenditures, forecasted 2019 incentive and forecasted CCRC recovery at the current CCRC rate. The inputs and calculation are shown below.

Forecasted beginning balance (Oct 2019)	\$2,046,617
Approved expenditures (Oct 2019 - Sept 20)	\$17,180,480
Forecasted 2019 incentive	\$1,941,954
Less forecasted CCRC recovery (Oct 2019 - Sept 20)	\$4,014,966
Forecasted Oct 2020 balance	\$17,154,085

As done in the past, Xcel Energy will include in customers' bills a message referencing the change in the CIP Adjustment Factor. In the event that Commission approval of the proposed factor is delayed beyond September 20, 2019 (in order to implement the rate change by October 1), the Company will continue to apply the current CIP Adjustment Factor of \$0.015504 per therm up to the first cycle of the first full billing period following Commission approval of a revised factor.

¹ Forecasted sales exclude the customers exempted from electric CIP charges.

Calculation of Revised Gas CIP Adjustment Rate

(1) Forecasted Oct 2020 Natural Gas CIP Tracker Balance	\$17,154,085
(2) Forecasted Gas Sales ² – October 2019 through September 2020	76,621,497
<hr/>	
(3) Recalculated Gas CIP Adjustment Rate = (1)/(2)	\$0.22388/ dth
	\$0.022388/therm

Our above forecasted balance does not include carrying charges. To get as close as possible to a \$0 balance by Sept 30, 2020, the calculated rate of \$0.022388 per therm was incrementally decreased to incorporate the effect of carrying charges, which are projected to be negative for several months. We determined the final rate by decreasing the calculated rate until the September 2020 forecasted CIP Tracker balance approached zero (\$0) without going negative. The resulting rate is **\$0.022357 per therm**. As shown in Table 21, this rate results in a forecasted September 30, 2020 Tracker balance of \$718.

² Forecasted sales exclude the exempt customers and gas sales to qualifying large energy facilities.

Northern States Power Company, a Minnesota corporation**State of Minnesota- Electric Utility****DSM Cost Recovery & Incentive Mechanism - Total****2019 Forecast**

		<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Annual</u>
	<u>EXPENSES</u>	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
1.	Balance	26,639,223	22,123,115	19,550,888	15,770,247	13,663,334	9,806,160	8,090,223	(122,465)	(5,607,441)	21,461,853	18,400,855	18,064,074	16,208,734
2.	CIP Program Expenditures	7,422,490	7,504,251	7,374,933	7,717,236	6,912,150	10,359,301	5,648,144	7,781,773	9,420,094	7,113,547	9,452,823	9,239,678	95,946,419
3.	2018 Performance Incentive									28,856,219				28,856,219
4.	Total Expenses + Incentive (Line 1 + 2 + 3)	34,061,713	29,627,366	26,925,820	23,487,482	20,575,484	20,165,460	13,738,367	7,659,308	32,668,872	28,575,400	27,853,678	27,303,752	141,011,371
	<u>RECOVERY</u>													
5.	CCRC Rate (\$/MWh)	3.133	3.133	3.133	3.133	3.133	3.133	3.133	3.133	3.133	3.133	3.133	3.133	
6.	CCRC Cost Recovery (CCRC times Sales)	7,568,039	6,387,840	7,070,420	6,226,503	6,824,233	7,651,015	8,779,991	8,402,276	7,104,458	6,767,087	6,511,160	7,378,263	86,671,284
7.	CIP Adjustment Factor Rate (\$/MWh)	1.813	1.813	1.813	1.813	1.813	1.813	1.813	1.813	1.813	1.581	1.581	1.581	
8.	CIP Adjustment Factor Recovery (Factor times Sales)	4,379,462	3,696,506	4,091,500	3,603,144	3,949,037	4,427,478	5,080,792	4,862,217	4,111,198	3,414,863	3,285,714	3,723,279	48,625,192
9.	Sub-Balance (Line 4 - 6 - 8)	22,114,212	19,543,019	15,763,900	13,657,835	9,802,213	8,086,967	(122,416)	(5,605,185)	21,453,216	18,393,450	18,056,804	16,202,211	
10.	Accum Deferred Tax (Line 9 * 28.742%)	6,356,067	5,617,055	4,530,860	3,925,535	2,817,352	2,324,356	(35,185)	(1,611,042)	6,166,083	5,286,645	5,189,887	4,656,839	
11.	Net Investment (Line 9 - 10)	15,758,145	13,925,965	11,233,040	9,732,300	6,984,861	5,762,611	(87,231)	(3,994,142)	15,287,133	13,106,805	12,866,917	11,545,371	
12.	Carrying Charge (Line 11 * Carrying Charge Rate)	8,903	7,868	6,347	5,499	3,946	3,256	(49)	(2,257)	8,637	7,405	7,270	6,523	63,349
13.	End of Month Balance (Line 9 + 12)	22,123,115	19,550,888	15,770,247	13,663,334	9,806,160	8,090,223	(122,465)	(5,607,441)	21,461,853	18,400,855	18,064,074	16,208,734	

Table 21: 2019 Electric CIP Tracker Forecast, With Cost Recovery in 2019

Northern States Power Company, a Minnesota corporation
State of Minnesota- Electric Utility
DSM Cost Recovery & Incentive Mechanism - Total
2020 Forecast

		<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>
	<u>EXPENSES</u>	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
1.	Balance	16,208,734	12,313,718	9,881,266	6,691,345	5,124,463	1,847,598	758,642	(6,750,186)	(11,548,861)
2.	CIP Program Expenditures	7,422,490	7,504,251	7,363,125	7,717,236	6,912,150	10,359,301	5,648,144	7,781,773	9,420,094
3.	2019 Performance Incentive									12,746,662
4.	Total Expenses + Incentive (Line 1 + 2 + 3)	23,631,224	19,817,969	17,244,391	14,408,580	12,036,613	12,206,899	6,406,786	1,031,587	10,617,896
	<u>RECOVERY</u>									
5.	CCRC Rate (\$/MWh)	3.133	3.133	3.133	3.133	3.133	3.133	3.133	3.133	3.133
6.	CCRC Cost Recovery (CCRC times Sales)	7,525,090	6,606,735	7,015,513	6,171,744	6,772,277	7,608,898	8,742,529	8,358,078	7,055,338
7.	CIP Adjustment Factor Rate (\$/MWh)	1.581	1.581	1.581	1.581	1.581	1.581	1.581	1.581	1.581
8.	CIP Adjustment Factor Recovery (Factor times Sales)	3,797,372	3,333,945	3,540,225	3,114,436	3,417,481	3,839,664	4,411,726	4,217,722	3,560,322
9.	Sub-Balance (Line 4 - 6 - 8)	12,308,762	9,877,289	6,688,652	5,122,401	1,846,855	758,336	(6,747,469)	(11,544,213)	2,235
10.	Accum Deferred Tax (Line 9 * 28.742%)	3,537,784	2,838,930	1,922,452	1,472,280	530,823	217,961	(1,939,358)	(3,318,038)	642
11.	Net Investment (Line 9 - 10)	8,770,978	7,038,359	4,766,200	3,650,120	1,316,032	540,375	(4,808,112)	(8,226,175)	1,593
12.	Carrying Charge (Line 11 * Carrying Charge Rate)	4,956	3,977	2,693	2,062	744	305	(2,717)	(4,648)	1
13.	End of Month Balance (Line 9 + 12)	12,313,718	9,881,266	6,691,345	5,124,463	1,847,598	758,642	(6,750,186)	(11,548,861)	2,236

Table 22: 2020 Electric CIP Tracker Forecast, With Cost Recovery in 2020

Northern States Power Company, a Minnesota corporation
State of Minnesota - Gas Utility
DSM Cost Recovery and Incentive Mechanism
Tracker and Balance (\$)
2019

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total
<u>EXPENSES</u>	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
1. Balance	(\$3,660,890)	(\$5,257,711)	(\$6,347,722)	(\$7,081,089)	(\$6,866,438)	(\$5,995,417)	(\$5,022,802)	(\$4,210,056)	(\$3,175,996)	\$2,046,617	\$1,979,707	\$1,803,580	
2. CIP Program Expenditures	1,215,852	1,239,508	1,245,031	1,300,788	1,508,924	1,433,076	1,218,079	1,457,082	1,325,704	1,169,381	2,121,395	1,945,660	17,180,480
3. 2017 Performance Incentive									4,391,216				4,391,216
4. Total Expenses (Line 1 + 2 + 3)	(2,445,039)	(4,018,203)	(5,102,691)	(5,780,301)	(5,357,514)	(4,562,341)	(3,804,723)	(2,752,975)	2,540,923	3,215,998	4,101,102	3,749,240	
<u>RECOVERY</u>													
5. CCRC Rate (\$/Dth)	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	
6. CCRC Cost Recovery	709,425	587,159	498,316	272,971	159,922	115,297	101,536	106,213	125,278	235,043	436,518	651,468	3,999,146
7. CIP Adjustment Factor Rate (\$/Dth)	0.15504	0.15504	0.15504	0.15504	0.15504	0.15504	0.15504	0.15504	0.15504	0.22357	0.22357	0.22357	
8. CIP Adjustment Factor Recovery	2,099,032	1,737,272	1,474,405	807,661	473,174	341,137	300,422	314,262	370,670	1,002,835	1,862,450	2,779,557	13,562,877
9. Total Recovery (Line 6 + 8)	2,808,457	2,324,431	1,972,721	1,080,632	633,097	456,434	401,958	420,475	495,947	1,237,878	2,298,968	3,431,025	
10. Rate Refund	0	0	0	0	0	0	0	0	0	0	0	0	0
11. Sub-Balance (Line 4-9)	(5,253,496)	(6,342,633)	(7,075,412)	(6,860,933)	(5,990,610)	(5,018,775)	(4,206,681)	(3,173,450)	2,044,976	1,978,120	1,802,134	318,215	
12. Accum Deferred Tax (Line 11 * 28.742%)	(1,509,960)	(1,823,000)	(2,033,615)	(1,971,969)	(1,721,821)	(1,442,496)	(1,209,084)	(912,113)	587,767	568,551	517,969	91,461	(10,858,309)
13. Net Investment (Line 11-12)	(3,743,536)	(4,519,634)	(5,041,797)	(4,888,963)	(4,268,789)	(3,576,279)	(2,997,597)	(2,261,337)	1,457,209	1,409,569	1,284,165	226,754	(26,920,236)
14. Carrying Charge (a) (Line 13 * Carrying Charge Rate)	(4,215)	(5,089)	(5,677)	(5,505)	(4,807)	(4,027)	(3,375)	(2,546)	1,641	1,587	1,446	255	(30,312)
15. End of Month Balance (Line 11+14)	(5,257,711)	(6,347,722)	(7,081,089)	(6,866,438)	(5,995,417)	(5,022,802)	(4,210,056)	(3,175,996)	2,046,617	1,979,707	1,803,580	318,470	

Table 23: 2019 Gas CIP Tracker Forecast, With Cost Recovery in 2019

Northern States Power Company, a Minnesota corporation
State of Minnesota - Gas Utility
DSM Cost Recovery and Incentive Mechanism
Tracker and Balance (\$)
2020 Forecast

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sept</u>
<u>EXPENSES</u>	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
1. Balance	\$318,470	(\$2,200,912)	(\$4,162,532)	(\$5,542,917)	(\$5,682,039)	(\$5,015,945)	(\$4,191,242)	(\$3,508,609)	(\$2,609,960)
2. CIP Program Expenditures	1,215,852	1,239,508	1,245,031	1,300,788	1,508,924	1,433,076	1,218,079	1,457,082	1,325,704
3. 2019 Performance Incentive									1,941,954
4. Total Expenses (Line 1 + 2 + 3)	1,534,322	(961,404)	(2,917,501)	(4,242,129)	(4,173,115)	(3,582,869)	(2,973,163)	(2,051,528)	657,698
<u>RECOVERY</u>									
5. CCRC Rate (\$/Dth)	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524	0.0524
6. CCRC Cost Recovery	708,895	607,183	497,659	272,539	159,270	114,877	101,134	105,635	124,745
7. CIP Adjustment Factor Rate (\$/Dth)	0.22357	0.22357	0.22357	0.22357	0.22357	0.22357	0.22357	0.22357	0.22357
8. CIP Adjustment Factor Recovery	3,024,574	2,590,608	2,123,314	1,162,815	679,540	490,135	431,500	450,704	532,237
9. Total Recovery (Line 6 + 8)	3,733,470	3,197,791	2,620,973	1,435,354	838,809	605,012	532,634	556,339	656,981
10. Rate Refund	0	0	0	0	0	0	0	0	0
11. Sub-Balance (Line 4-9)	(2,199,148)	(4,159,195)	(5,538,473)	(5,677,483)	(5,011,924)	(4,187,882)	(3,505,796)	(2,607,867)	717
12. Accum Deferred Tax (Line 11 * 28.742%)	(632,079)	(1,195,436)	(1,591,868)	(1,631,822)	(1,440,527)	(1,203,681)	(1,007,636)	(749,553)	206
13. Net Investment (Line 11-12)	(1,567,069)	(2,963,759)	(3,946,605)	(4,045,661)	(3,571,397)	(2,984,201)	(2,498,160)	(1,858,314)	511
14. Carrying Charge (a) (Line 13 * Carrying Charge Rate)	(1,765)	(3,337)	(4,444)	(4,555)	(4,021)	(3,360)	(2,813)	(2,092)	1
15. End of Month Balance (Line 11+14)	(2,200,912)	(4,162,532)	(5,542,917)	(5,682,039)	(5,015,945)	(4,191,242)	(3,508,609)	(2,609,960)	718

Table 24: 2020 Gas CIP Tracker Forecast, With Cost Recovery in 2020

Northern States Power Company
a Minnesota corporation
2018 CIP Financial Incentive Calculations
Cost-Effectiveness & Performance Mechanism Report
Reference Docket Nos. E,G999/CI-08-133 & E002/M-11-1101

In 2010, the Commission approved a new Shared Savings Incentive Mechanism (Docket No. E,G999/CI-08-133). The shared savings incentive mechanism awards a percentage of the net benefits created by a utility's energy conservation program, beginning once a utility surpasses its earnings threshold. The August 5, 2016 ORDER ADOPTING MODIFICATIONS TO SHARED SAVINGS DEMAND-SIDE MANAGEMENT FINANCIAL INCENTIVE PLAN modified the incentive mechanism to set a fixed range of percentages of net benefits based on the % of sales savings achieved, each year for the 2017, 2018 and 2019 DSM Plan years. The percentage of net benefits awarded increases as achievements increase, up to a cap of percent of net benefits awarded and a cap of total spend. Additionally, during the 2013 Legislature, a provision was added to MN Statute 216B.241, subdivision 7, which allows utilities the option to exclude the net benefits of low-income programs, if negative, from the calculation of the DSM financial incentive.

Xcel Energy's 2018 CIP portfolio achieved electric energy savings of over 680 GWh which will provide net benefits of over \$238 million to Xcel Energy electric customers. The Company also achieved gas savings of 913,240 Dth, which will provide Xcel Energy customers with net benefits of more than \$36 million. As a result of these achievements, we request approval of a 2018 CIP electric financial incentive of \$28,856,219 and a 2018 CIP natural gas financial incentive of \$4,391,216.

The performance measurements of Xcel Energy's individual electric and natural gas CIP programs, including indirect impact programs, are reported in Tables 2 and 3, respectively. The cost-effectiveness of individual programs is reported in the Cost-Effectiveness Report included in this filing.

**Northern States Power Company
a Minnesota corporation
2018 Financial Incentive Calculations**

In accordance with the Minnesota PUC Orders dated January 27, 2010 and August 5, 2016 (Docket No. E,G999/CI-08-133), and the Minnesota PUC Order dated March 12, 2012 (Docket No. E-002/M-11-1101), Xcel Energy respectfully submits these financial incentive calculations.

In 2018, the Company achieved electric energy savings of 680,448,447 kWh at the generator (157% of 1.5% goal) at a cost of \$104,244,031 (111% of budget). As a result, we respectfully request approval of our CIP electric financial incentive in the amount of \$28,856,219.

CIP Electric Financial Incentive Calculation

According to the Order in Docket No. E,G999/CI-08-133, certain expenses and savings are excluded from the incentive calculation, including regulatory assessments, electric utility infrastructure projects, qualifying solar projects, and third party projects not selected for inclusion in the annual incentive compliance filing. Further, in the September 12, 2016 Decision in Docket No. E999/CIP-16-541 IN THE MATTER OF AVOIDED TRANSMISSION AND DISTRIBUTION COST STUDY FOR ELECTRIC 2017-2019 CIP TRIENNIAL PLAN allowed for any expenses for the cost of the Transmission and Distribution Cost Study to be backed out of the benefit/cost analysis for the financial incentive. As stated in our January 30, 2013 incentive compliance filing, we elected to include the One Stop Shop program administered by the Center for Energy and the Environment (CEE).¹ The indirect impact third party programs—Enerchange, Energy Intelligence, Energy Smart, and Trillion Btu—are not included in the calculation of the incentive. In addition, during the 2013 Legislature, a provision was added to MN Statute 216B.241, subdivision 7, which allows utilities to exclude the net benefits of low-income programs from the calculation of net benefits for the incentive if the net benefits are negative.

Model Year Inputs

3-year Weather Normalized Sales Average (kWh)	28,947,563,800
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Incentive Mechanism

Max Percent of Net Benefits Awarded	12.0%
Max Percent Expenditures Awarded	35.0%
Earnings Threshold	1.0%
Net Benefits Cap Achievement Level	1.7%
Increase in Net Benefits Awarded Per 0.1% Increase in Achievement Level	0.75%

Summary of 2018 Achievements

Actual Spending for Incentive ²	\$104,244,031
Actual Energy Savings (kWh) ³	680,448,447
Net Benefits Achieved ⁴	\$240,468,488

¹ Docket No. E,G999/CI-08-133 and Docket No. E,G002/CI-10-81.

² Portfolio Subtotal spend plus CEE One-Stop Shop spend.

³ Portfolio Subtotal energy savings plus CEE One-Stop Shop energy savings.

⁴ The net benefits are equal to the utility test net benefits shown on Electric CIP Total cost-benefit analysis plus the utility test net benefits shown on the CEE One Stop Shop cost-benefit analysis, included in the Cost-Effectiveness Section. Excludes any net costs from low-income programs that failed the Utility Test.

2018 Financial Incentive Mechanism

In order to calculate the CIP financial incentive, it is necessary to calculate the percent of net benefits awarded. The following calculations and incentive table detail Xcel Energy's financial incentive.

% of Sales Achievement Level =

$$\frac{\text{Actual Energy Savings (kWh)}}{\text{3-year Weather Normalized Sales Average (kWh)}} =$$

$$680,448,447 / 28,947,563,800$$

$$= 2.35\%$$

Percent of Net Benefits Awarded =

Max Percent of Net Benefits Awarded – Increase in Net Benefits Awarded Per 0.1% Increase in Achievement Level x (% of Sales Achievement Level less than Net Benefits Cap Achievement Level) / 0.1% =

$$12.0\% - 0.75\% \times (2.35\% \text{ less than } 1.7\%) = 12.0\% - 0.75\% \times 0 / 0.1\%$$

$$= 12.0\%$$

Expenditures Award Cap =

Max Percent Expenditures Awarded x Actual Spend for Incentive =

$$35\% \times \$104,244,031$$

$$= \$36,485,411$$

Incentive Awarded =

Net Benefits Achieved x Percent of Net Benefits Awarded less than Expenditures Award Cap =

$$\$240,468,488 \times 12.0\% \text{ less than } \$36,485,411$$

$$= \$28,856,219$$

2018 Electric Incentive Request

Based on the above calculation, Xcel Energy respectfully requests approval of a CIP financial incentive of \$28,856,219.

**Northern States Power Company
a Minnesota corporation
2018 Natural Gas Incentive Calculation**

In accordance with the Minnesota PUC Orders dated January 27, 2010 and August 5, 2016 (Docket No. E,G999/CI-08-133), and the Minnesota PUC Order dated March 12, 2012 (Docket No. E-002/M-11-1101), Xcel Energy respectfully submits these financial incentive calculations.

In 2018, Xcel Energy achieved energy savings of 913,240 Dth (127% of goal) at a cost of \$15,132,566 (91% of budget). As a result, we respectfully request approval of our financial incentive in the amount of \$4,391,216.

According to the Order in Docket No. E,G999/CI-08-133, certain expenses and savings are excluded from the natural gas incentive calculation, including regulatory assessments and third party projects not selected for inclusion in the annual incentive compliance filing. As stated in our January 30, 2013 incentive compliance filing, we elected not to include any of the natural gas third party programs in the calculation of the incentive.⁵

Model Year Inputs

3-yr Weather Normalized Sales Average (Dth)	71,897,513
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Incentive Mechanism

Max Percent of Net Benefits Awarded	12.0%
Max Percent Expenditures Awarded	35.0%
Earnings Threshold	0.7%
Net Benefits Cap Achievement Level	1.2%
Increase in Net Benefits Awarded Per 0.1% Increase in Achievement Level	0.75%

Summary of 2018 Achievements

Actual Spending for Incentive	\$15,506,389
Actual Energy Savings (Dth)	913,240
Net Benefits Achieved ⁶	\$36,593,467

2018 Financial Incentive Mechanism

In order to calculate the financial incentive achieved, it is necessary to calculate the percent of net benefits awarded. The following calculations and incentive table detail Xcel Energy's financial incentive.

% of Sales Achievement Level =

Actual Energy Savings (Dth) / 3-year Weather Normalized Sales Average (Dth) =

913,240 / 71,897,513

⁵ Docket No. E,G999/CI-08-133 and Docket No. G002/M-16-108.

⁶ The net benefits are equal to the utility test net benefits shown on the Total Gas CIP with Indirect Participants BENECOST sheet included in the Cost-Effectiveness section. Excludes any net costs from low-income programs that failed the Utility Test.

$$= 1.27020\%$$

Percent of Net Benefits Awarded =

Max Percent of Net Benefits Awarded – Increase in Net Benefits Awarded Per 0.1% Increase in Achievement Level x (% of Sales Achievement Level less than Net Benefits Cap Achievement Level) / 0.1% =

$$12.0\% - 0.75\% \times (1.27020\% \text{ less than } 1.2\%) = 12.0\% - 0.75\% \times 0 / 0.1\% =$$

$$= 12.0\%$$

Expenditures Award Cap =

Max Percent Expenditures Awarded x Actual Spend for Incentive =

$$35\% \times \$15,132,566$$

$$= \$5,296,398$$

Incentive Awarded =

Net Benefits Achieved x Percent of Net Benefits Awarded less than Expenditures Award Cap =

$$\$36,593,467 \times 12.0\% \text{ less than } \$5,296,398$$

$$= \$4,391,216$$

2018 Gas Incentive Request

Based on the above calculation, Xcel Energy respectfully requests approval of a financial incentive of \$4,391,216.

Summary of 2018 CIP Employee Expenses

Employee Expense Category	Amount
Airfare	\$41,073.88
Hotel	\$47,838.62
Car Rental	\$771.62
Taxi/bus	\$3,370.20
Mileage	\$40,109.19
Parking	\$6,780.34
Business Meals- Employees Only	\$15,960.05
Business Meals- Including Non-Employees	\$21,514.12
Conferences/Seminars/Training	\$46,785.06
Total Employee Expenses	\$224,203.08

Electric CIP Adjustment Factor 24-Month Forecast

	\$/MWh	
	<u>2019</u>	<u>2020</u>
January	\$1.813	\$1.581
February	\$1.813	\$1.581
March	\$1.813	\$1.581
April	\$1.813	\$1.581
May	\$1.813	\$1.581
June	\$1.813	\$1.581
July	\$1.813	\$1.581
August	\$1.813	\$1.581
September	\$1.813	\$1.581
October	\$1.581	\$1.581
November	\$1.581	\$1.581
December	\$1.581	\$1.581

Disclaimer

The forecasted rates are based on recovering the Company's approved and estimated future CIP expenses and estimated performance incentives over the forecast period.

The actual rate request will be based on the most current approved costs, approved incentives, and under or over recovery at the time of filing, and is subject to approval by the Minnesota Public Utilities Commission. The approved adjustment factors may differ from the forecast.

Redline

**CONSERVATION IMPROVEMENT PROGRAM
ADJUSTMENT RIDER**

Section No. 5
~~19th-20th~~ Revised Sheet No. 92

APPLICABILITY

Applicable to bills for electric service provided under the Company's retail rate schedules. Exemptions are as follows:

"Large Customer Facility" customers that have been exempted from the Company's Conservation Improvement Program charges pursuant to Minn. Stat. 216B.241 subd. 1a (b) shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Such monthly exemption will be effective beginning January 1 of the year following the grant of exemption. Upon exemption from conservation program charges, the "Large Customer Facility" customers can no longer participate in the Company's Energy Conservation Improvement Program.

RIDER

There shall be included on each non-exempt customer's monthly bill a Conservation Improvement Program (CIP) Adjustment, which shall be calculated by multiplying the monthly applicable billing kilowatt hours (kWh) by the CIP Adjustment Factor.

DETERMINATION OF CONSERVATION IMPROVEMENT PROGRAM ADJUSTMENT FACTOR

The CIP Adjustment Factor shall be calculated for each customer class by dividing the Recoverable Conservation Improvement Program Expense by the Projected Retail Sales for a designated recovery period. The factor may be adjusted annually with approval of the Minnesota Public Utilities Commission. The CIP Adjustment Factor for all rate schedules is:

All Classes ~~\$0.001813~~ \$0.001581 per kWh

R

Recoverable Conservation Improvement Program Expense shall be the CIP expense not recovered through base rates as determined from the CIP Tracker account balance for a designated period. All costs appropriately charged to the CIP Tracker Account shall be eligible for recovery through this Rider. All revenues received from the CIP Adjustment Factor shall be credited to the CIP Tracker Account.

Projected Retail Sales shall be the estimated kilowatt-hour sales to all non-exempt customers for the designated recovery period.

(Continued on Sheet No. 5-92.1)

Date Filed:	03-30-18 <u>04-01-19</u>	By: Christopher B. Clark	Effective Date:	10-01-18
		President, Northern States Power Company, a Minnesota corporation		
Docket No.	E002/M- 18-24019-		Order Date:	09-04-18

Clean

**CONSERVATION IMPROVEMENT PROGRAM
ADJUSTMENT RIDER**

Section No. 5
20th Revised Sheet No. 92

APPLICABILITY

Applicable to bills for electric service provided under the Company's retail rate schedules. Exemptions are as follows:

"Large Customer Facility" customers that have been exempted from the Company's Conservation Improvement Program charges pursuant to Minn. Stat. 216B.241 subd. 1a (b) shall receive a monthly exemption from conservation improvement program charges pursuant to Minn. Stat. 216B.16, subd. 6b Energy Conservation Improvement. Such monthly exemption will be effective beginning January 1 of the year following the grant of exemption. Upon exemption from conservation program charges, the "Large Customer Facility" customers can no longer participate in the Company's Energy Conservation Improvement Program.

RIDER

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DETERMINATION OF CONSERVATION IMPROVEMENT PROGRAM ADJUSTMENT FACTOR

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All Classes

\$0.001581 per kWh

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Projected Retail Sales shall be the estimated kilowatt-hour sales to all non-exempt customers for the designated recovery period.

(Continued on Sheet No. 5-92.1)

Date Filed: 04-01-19

By: Christopher B. Clark

Effective Date:

President, Northern States Power Company, a Minnesota corporation

Docket No. E002/M-19-

Order Date:

CERTIFICATE OF SERVICE

I, Lynnette Sweet, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota; or

xx by electronic filing.

Docket No.: E002/M-19-__ & CIP Special Service List

Dated this 1st Day of April 2019.

/s/

Lynnette Sweet
Regulatory Administrator

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