

**Notice Regarding
Xcel Energy Request to Increase Rates for Electric Service**

MPUC Docket Nos E002/GR-21-630 & E002/M-21-748

On October 25, 2021, Northern States Power Company, doing business as Xcel Energy (Xcel Energy or Company), filed an application with the Minnesota Public Utilities Commission (MPUC) to increase gross retail electric rates, through a three-year multi-year rate plan, in the State of Minnesota (the Application) by (12.2 percent) or \$396.0 million effective January 1, 2022, sixty-seven (67) days after filing, without suspension; an incremental increase of \$150.2 million (4.8 percent) effective January 1, 2023, without suspension; and an incremental increase of \$131.2 million (or 4.2 percent) effective January 1, 2024, based on present revenues. The Company requests a three-year multi-year rate plan (MYRP), modeled after its 2016-2019 MYRP, approved in its most recent rate case (E002/GR-15-826), and implemented pursuant to Minn. Stat. §216B.16, subds. 1 and 19. Finally, the Company provides forecasts and cost of service information for 2024 and 2025, should the MPUC and parties wish to explore another four-year MYRP for the Company.

The Company requested, pursuant to Minn. Stat. § 216B.16, subds. 3 and 19, that an interim rate increase of approximately 9.4 percent or \$288.3 million overall bill increase, be effective on January 1, 2022, the MPUC elected to suspend the proposed rate increase under Minn. Stat. §216B.16, subd. 2, as discussed in the Company's Notice and Petition for Interim Rates (Petition), included in this Application.

The interim revenue request will be uniformly billed as an 8.1 percent increase for residential customers and 13.52 percent for non-residential customers on the base rate portion of customers' bills, exclusive of fuel and purchased energy costs and certain rate riders. The difference between the base rate and the overall bill in the percentage increases results primarily from the unbundling of fuel and purchased energy costs approved by the MPUC in our 2005 electric rate case (Docket No. E002/GR-05-1428). Because Xcel Energy is requesting a multiyear rate plan, the company is requesting an increase to the interim rate starting January 1, 2023, pursuant to Minn. Stat. § 216B.16, subds. 3 and 19.

The Company requests a three-year MYRP, built upon a 2022 test year and then offers predictable and affordable rates for our customers while enabling the Company to continue making investments in our system to ensure the delivery of clean, reliable and safe service.

The Company's revenue deficiency in this MYRP reflects the costs of investments in our system, as we continue to invest in carbon free energy sources and replace infrastructure.

In addition, we are proposing some changes to the terms and conditions of our Electric Rate Book.

Typically, final rates become effective within 10 months of the date of the Application, unless the review period is extended by the MPUC. Since certain extensions under Minnesota law are implicated, the review period will take longer than 10 months and the MPUC will likely make a final decision regarding our request sometime in 2023. Any over-collection under interim rates will be refunded with interest to customers in a manner determined by the MPUC.

Xcel Energy is requesting this rate increase to meet its current cost of providing electric service, including a reasonable return on common equity. The following table contains the average monthly impact of the approved interim and proposed rate increases on customer classes:

Average Monthly Bills

Customer type	Average 2022 monthly kWh usage	Current monthly cost	2022 Interim monthly increase	Proposed 2022 monthly cost	Proposed 2022 monthly increase	Proposed 2023 monthly increase (Cumulative 2022+2023)	Proposed 2024 monthly increase (Cumulative 2022+2023+2024)
Residential - Overhead line service	514	\$77.57	\$4.98	\$87.49	\$9.92	\$12.27	\$14.75
Residential - Underground line service	752	\$111.78	\$7.13	\$125.60	\$13.81	\$17.24	\$20.87
Energy-Controlled (Dual Fuel)	1,019	\$93.43	\$6.85	\$106.40	\$12.97	\$17.78	\$21.41
Small General Service	794	\$109.15	\$10.21	\$119.10	\$9.95	\$12.46	\$14.63
Small General Time-of-Day Service	1,089	\$134.93	\$12.01	\$147.71	\$12.78	\$15.72	\$18.21
General Service	14,670	\$1,679.88	\$145.19	\$1,867.18	\$187.30	\$213.28	\$226.47
General Time-of-Day Service	123,490	\$11,699.82	\$918.85	\$12,966.05	\$1,266.24	\$1,326.92	\$1,872.25
Peak-Controlled Service	67,093	\$9,040.31	\$825.69	\$10,100.96	\$1,060.65	\$1,265.88	\$1,383.12
Peak-Controlled Time-of-Day Service	605,194	\$66,153.60	\$5,562.15	\$73,651.86	\$7,498.26	\$9,421.86	\$11,190.54
Small Municipal Pumping	615	\$86.84	\$8.22	\$94.79	\$7.96	\$9.77	\$12.84
Municipal Pumping	8,369	\$1,082.84	\$98.44	\$1,202.67	\$119.83	\$152.06	\$166.11

Monthly Customer Charges

Customer type	Current	Proposed
Residential		
Overhead line	\$8.00	\$9.50
Overhead line - electric heating	\$10.00	\$11.50
Underground line	\$10.00	\$11.50
Underground line - electric heating	\$12.00	\$13.50
Small Commercial		
Small General	\$10.00	\$11.50
Small General Time-of-Day	\$12.00	\$13.50
Commercial and Industrial		
General	\$25.64	\$25.98
General Time-of-Day	\$29.64	\$29.98
Peak-Controlled	\$55.00	\$60.00
Peak-Controlled Time-of-Day	\$55.00	\$60.00

Energy (per kWh) and Demand (per kW) Rates

Customer type	Current	Proposed 2022	Proposed 2023	Proposed 2024
Residential				
Energy: Summer (June-September)	10.301 ¢	12.994 ¢	13.748 ¢	14.453 ¢
Energy: Winter (Other months)	8.803 ¢	11.285 ¢	11.980 ¢	12.640 ¢
Energy: Winter - electric heating	5.988 ¢	8.136 ¢	8.831 ¢	9.491 ¢
Small General				
Energy: Summer	9.256 ¢	11.372 ¢	11.980 ¢	12.554 ¢
Energy: Winter	7.757 ¢	9.663 ¢	10.212 ¢	10.740 ¢
Small General Time-of-Day				
Energy: On-Peak Summer	14.880 ¢	18.449 ¢	19.586 ¢	20.560 ¢
Energy: On-Peak Winter	11.723 ¢	14.679 ¢	15.686 ¢	16.558 ¢
Energy: Off-Peak	4.170 ¢	5.506 ¢	5.677 ¢	5.918 ¢
General				
Energy	3.407 ¢	4.738 ¢	4.993 ¢	5.213 ¢
Demand: Summer	\$14.79	\$17.48	\$18.10	\$18.52
Demand: Winter	\$10.49	\$12.89	\$13.50	\$13.92
General Time-of-Day				
Energy: On-Peak	4.855 ¢	6.502 ¢	6.851 ¢	7.154 ¢
Energy: Off-Peak	2.341 ¢	3.422 ¢	3.606 ¢	3.765 ¢
Demand: Summer	\$14.79	\$17.48	\$18.10	\$18.52
Demand: Winter	\$10.49	\$12.89	\$13.50	\$13.92

Note: Proposed lighting rate changes vary according to the type of lighting. The proposed final increase is 23.9 percent for full service street lighting, 15.6 percent for energy-only street lighting service, and 23.9 percent for residential and commercial protective lighting.

Public hearings will be held at various locations in Xcel Energy’s electric service area. Counties, municipalities and customers will be notified once the hearings are scheduled.

The proposed rate schedules and a comparison of present and proposed rates are available at www.xcelenergy.com/2022MNRates (make sure “Minnesota” is selected in top left corner). In light of the COVID-19 pandemic, we are not presently making these documents available for physical examination, but should circumstances change, they may be examined during normal business hours at either our General Offices located at 414 Nicollet Mall in downtown Minneapolis or at the Minnesota Department of Commerce, Division of Energy Resources, 85 7th Place East, Suite 500, St. Paul, Minnesota 55101.

Those who wish to intervene or testify in this case should contact the Minnesota Office of Administrative Hearings, P.O. Box 64620, St. Paul, Minnesota 55164-0620, Telephone: 651-361-7900, TTY: 651-361-7878. Public notice of hearings dates and locations will be published in local newspapers in Xcel Energy’s Minnesota service area.

Questions on the rate increase may be directed to Gail A. Baranko at (612) 330-6935. Comments may also be mailed to Gail A. Baranko at 414 Nicollet Mall, 401 7th Floor, Minneapolis, MN 55401.

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben	Chair
Valerie Means	Commissioner
Matthew Schuerger	Commissioner
Joseph K. Sullivan	Commissioner
John A. Tuma	Commissioner

In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy for Authority to Increase Rates for Electric Service in the State of Minnesota

ISSUE DATE: December 23, 2021

DOCKET NO. E-002/GR-21-630

NOTICE OF AND ORDER FOR HEARING

PROCEDURAL HISTORY

On October 25, 2021, Northern States Power Company d/b/a Xcel Energy (Xcel Energy or the Company) filed a general rate case seeking three consecutive annual rate increases under the Multiyear Rate Plan statute phased as follows:¹

2022: \$395.97 million increase (12.2% of test year revenues)
2023: \$150.51 million increase (4.8%)
2024: \$131.24 million increase (4.2%)

Xcel Energy also filed a proposal for extending its multi-year rate case to additional years, as follows:

2025: \$70.26 million increase (2.2%)
2026: \$117.75 million increase (3.9%)

The filing included an interim rates proposal under Minn. Stat. § 216B.16, subd. 3.

On November 2, 2021, the Commission issued a notice requesting comment on (1) whether Xcel Energy's application complies with Minnesota rules and statutes for a change in rates, (2) whether this matter should be referred to the Office of Administrative Hearings (OAH) for a contested case proceeding, and (3) other issues and concerns related to this docket.

On November 8, 2021, the Minnesota Department of Commerce, Division of Energy Resources (the Department), filed comments concluding that Xcel Energy complied with the filing

¹ Minn. Stat. § 216B.16, subd. 19.

requirements. The Department and the Xcel Large Industrials (XLI) recommended that the Commission refer the general rate case to OAH for a contested-case proceeding.²

On December 8 and 9, 2021, the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

I. Summary

In this order, the Commission refers the general rate case to OAH for a contested-case proceeding. By separate order, the Commission has (1) accepted the filing and suspended the proposed rate change, and (2) set interim rates.³

II. Jurisdiction and Referral for a Contested-Case Proceeding

The Commission has jurisdiction over the proposed rate changes of public utilities under Minn. Stat. § 216B.16. If the Commission is unable to resolve all significant issues regarding the reasonableness of the proposed rates based on the filing alone, the Commission is to refer the matter to OAH for a contested-case proceeding.⁴

The Commission finds that it cannot satisfactorily resolve all questions regarding the reasonableness of the proposed rates on the basis of Xcel Energy's filing. The Commission will therefore refer the matter to OAH for a contested-case proceeding.

III. Issues to be Addressed

In the course of this case, the Commission expects the parties will thoroughly develop a full record addressing, at a minimum, the following issues:

1. Whether the test year revenue increase sought by the Company is reasonable or will result in unreasonable or excessive earnings.
2. Whether the rate design proposed by the Company is reasonable.
3. Whether the Company's proposed capital structure and return-on-equity are reasonable.
4. Issues from past Commission orders.

² XLI is an *ad hoc* consortium of large industrial customers Xcel Energy, consisting for purposes of this filing of Flint Hills Resources Pine Bend, LLC; Marathon Petroleum Corporation; and USG Interiors, Inc.

³ See Order Accepting Filing, Suspending Rates, and Extending Timeline; and Order Setting Interim Rates, both entered in this docket on this date.

⁴ Minn. Stat. § 216B.16, subd. 2.

5. Reasons for significant changes since the last rate case, including but not limited to, the following:
 - a. \$31.4 million increase in power production costs,
 - b. \$24.5 million increase in transmission costs,
 - c. \$17.8 million increase in distribution costs,
 - d. \$26.2 million increase in customer service and information costs, and
 - e. \$41.7 million increase in administrative and general costs.
6. What interest rate should be applied to any prospective interim rate refunds.
7. How proposed rates align with the State's energy policy goals, including those articulated in Minn. Stat. § 216C.05.
8. Decisions made in *In the Matter of Xcel Energy's Petition for Approval of a Workforce Training and Development Program Pilot*, Docket No. E-002/M-21-558, to ensure they are properly reflected in the 2022 Test Year.
9. Any other issues identified by the Commission.

IV. Procedural Outline

A. Administrative Law Judge

The Administrative Law Judge (ALJ) assigned to this case is Christa Moseng. Her address is as follows:

Administrative Law Judge Christa Moseng
Office of Administrative Hearings
600 North Robert Street
St. Paul, Minnesota

Her mailing address is as follows:

Administrative Law Judge Christa Moseng
P.O. Box 64620
St. Paul, Minnesota 55164-0620

She can be reached through her legal assistant, Michelle Severson, at 651-361-7874 or michelle.severson@state.mn.us.

B. Hearing Procedure

- *Controlling Statutes and Rules*

Hearings in this matter will be conducted in accordance with the Minnesota Administrative Procedure Act, Minn. Stat. §§ 14.57–14.62; the rules of the Office of Administrative Hearings, Minn. R. 1400.5100–1400.8400; and, to the extent that they are not superseded by those rules, the Commission’s Rules of Practice and Procedure, Minn. R. 7829.0100–7829.4000.

These rules and statutes can be accessed free of charge through the State of Minnesota’s website at www.revisor.mn.gov/pubs. If you would like to order hardbound books of Minnesota’s statutes or rules, please contact the Office of the Revisor of Statutes at 651-645-1224, ext. 107, or <https://www.mn.gov/publications.com/home.asp>.

OAH conducts contested-case proceedings in accordance with the Minnesota Rules of Professional Conduct and the Professionalism Aspirations adopted by the Minnesota State Bar Association.

- *Right to Counsel and to Present Evidence*

In these proceedings, parties may be represented by counsel, may appear on their own behalf, or may be represented by another person of their choice, unless otherwise prohibited as the unauthorized practice of law. They have the right to present evidence, conduct cross-examination, and make written and oral argument. Under Minn. R. 1400.7000, they may obtain subpoenas to compel the attendance of witnesses and the production of documents.

Parties should bring to the hearing all documents, records, and witnesses necessary to support their positions.

- *Discovery and Informal Disposition*

Any questions regarding discovery under Minn. R. 1400.6700–1400.6800 or informal disposition under Minn. R. 1400.5900 should be directed to Jorge Alonso at 651-201-2258, jorge.alonso@state.mn.us, or

Jorge Alonso
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147.

- *Protecting Not-Public Data*

State agencies are required by law to keep some data not public. Parties must advise the ALJ if not-public data is offered into the record. They should take note that any not-public data admitted into evidence may become public unless a party objects and requests relief under Minn. Stat. § 14.60, subd. 2.

- *Accommodations for Disabilities; Interpreter Services*

At the request of any individual, this agency will make accommodations to ensure that the hearing in this case is accessible. The agency will appoint a qualified interpreter if necessary. Persons must promptly notify the ALJ if an interpreter is needed.

- *Scheduling Issues*

The times, dates, and places of public and evidentiary hearings in this matter will be set by order of the ALJ after consultation with the Commission and intervening parties.

- *Notice of Appearance*

Any party intending to appear at the hearing must file a notice of appearance (Attachment A) with the ALJ within 20 days of the date of this Notice of and Order for Hearing.

- *Sanctions for Non-Compliance*

Failure to appear at a prehearing conference, a settlement conference, or the hearing, or failure to comply with any order of the ALJ, may result in facts or issues being resolved against the party who fails to appear or comply.

C. Parties and Intervention

The current parties to this case are the Company, the Department, the Office of the Attorney General—Residential Utilities Division, Suburban Rate Authority, the Citizens Utility Board of Minnesota, and XLI. Other persons wishing to become formal parties shall promptly file petitions to intervene with the ALJ. They shall serve copies of such petitions on all current parties and on the Commission.⁵

D. Prehearing Conference

A prehearing conference will be held on January 10, 2022, at 9:30 a.m., via telephone, using the following call-in information:

Call-in Number: 1-888-742-5095
Conference Code: 181 033 4807#

Persons participating in the prehearing conference should be prepared to discuss time frames, scheduling, discovery procedures, and similar issues. Potential parties are invited to attend the pre-hearing conference and to file their petitions to intervene as soon as possible.

⁵ Minn. R. 1400.6200.

E. Time Constraints

The Commission is required to act on substantially complete rate case filings within ten months, although this ten-month period can be extended under certain circumstances. Minn. Stat. § 216B.16, subd. 2(f), grants up to 90 more days if the Commission finds that it has insufficient time to make a final determination due to the need to make determinations in other pending rate cases, and § 216B.16, subd. 19(f) provides another additional 90 days if a utility proposes a multiyear rate plan, to address the added complexity these plans entail. In addition, at the hearings on December 8 and 9, Xcel Energy agreed to extend the Commission's order deadline to May 30, 2023. The Commission will accept Xcel Energy's proposal.

The Commission therefore asks OAH to conduct a contested-case proceeding in light of these time constraints and requests that the ALJ submit the final report on or before March 1, 2023, to permit adequate consideration of the case by the Commission.

V. Application of Ethics in Government Act

The lobbying provisions of the Ethics in Government Act, Minn. Stat. § 10A.01 *et seq.*, apply to general rate cases. Persons appearing in this proceeding may be subject to registration, reporting, and other requirements set forth in that Act. All persons appearing in this case are urged to refer to the Act and to contact the Campaign Finance and Public Disclosure Board with any questions at 651-539-1190.

VI. Ex Parte Communications

Restrictions on *ex parte* communications with Commissioners and reporting requirements regarding such communications with Commission staff apply to this proceeding from the date of this order. Those restrictions and reporting requirements are set forth at Minn. R. 7845.7300–7845.7400, which all parties are urged to consult.

VII. Notices Required; Delegation of Authority

Finally, the rate case statute and the Commission's rules require comprehensive notice of proposed general rate increases. Those notices are required in the ordering paragraphs below. To promote administrative efficiency, the Commission will delegate to the Executive Secretary the authority to approve notices, bill inserts, and bill format for the duration of this proceeding.

ORDER

1. The Commission hereby refers this case to the Office of Administrative Hearings for a contested-case proceeding, as set forth above.
2. This order will be served on Northern States Power Company d/b/a Xcel Energy (Xcel Energy), which shall mail copies of the order to all municipalities, counties, and local governing bodies in its Minnesota service area.

3. Public hearings shall be held in this matter at locations within the service area of Xcel Energy.
4. Xcel Energy shall give the following notices of the evidentiary and public hearings:
 - a. Individual written notice to each customer, which may be in the form of a bill insert, and shall be served at least ten days before the first day of hearings;
 - b. Written notice to the governing bodies of all municipalities, counties, and local governing bodies in the area affected and to all parties in Xcel Energy's last two rate cases. These notices shall be mailed at least ten days before the first day of hearings.
 - c. Display advertisements in legal newspapers of affected counties and other newspapers of general circulation within Xcel Energy's Minnesota service area. These advertisements shall appear at least ten days before the first day of hearings. They shall include the heading **RATE INCREASE NOTICE**, which shall appear in bold face type no smaller than 30 points.
 - d. Xcel Energy shall submit proposed notices for Commission approval prior to publication or service.
5. The Commission delegates to the Executive Secretary the authority to approve notices, bill inserts, and bill format for the duration of this proceeding.
6. This order shall become effective immediately.

BY ORDER OF THE COMMISSION



Will Seuffert
Executive Secretary



This document can be made available in alternative formats (e.g., large print or audio) by calling 651.296.0406 (voice). Persons with hearing or speech impairment may call using their preferred Telecommunications Relay Service or email consumer.puc@state.mn.us for assistance.

ATTACHMENT A

OAH Docket Number: 22-2500-37994

STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS

In the Matter of the Application of Northern States Power
Company d/b/a Xcel Energy for Authority to Increase
Rates for Electric Service in the State of Minnesota

NOTICE OF APPEARANCE

PLEASE TAKE NOTICE that:

1. The party/agency named below (Party/Agency) will appear at the prehearing conference and all subsequent proceedings in the above-entitled matter.
2. By providing its email address below, the Party/Agency acknowledges that it has read and agrees to the terms of the Office of Administrative Hearings' e-Filing policy and chooses to opt into receiving electronic notice from the Office of Administrative Hearings in this matter. **Note: Provision of an email address DOES NOT constitute consent to electronic service from any opposing party or agency in this proceeding.**¹
3. The Party/Agency agrees to use best efforts to provide the Office of Administrative Hearings with the email address(es) for opposing parties and their legal counsel.

Party's/Agency's Name: _____

Email: _____ Telephone: _____

Mailing Address: _____

Party's/Agency's Attorney: _____

Firm Name: _____

Email: _____ Telephone: _____

Mailing Address: _____

Respondent's/Opposing Party's Name: _____

Email: _____ Telephone: _____

Mailing Address: _____

Dated: _____

Signature of Party/Agency or Attorney

¹ In order to opt in to electronic notice, this form must be emailed to OAH_efiling.support@state.mn.us. If the party does not wish to opt in to electronic notice, this form may be filed with the Office of Administrative Hearings via facsimile, U.S. Mail, or personal service. See Minn. Stat. § 14.58, Minn. R. 1400.5550, subps. 2-5.

CERTIFICATE OF SERVICE

I, Chrishna Beard, hereby certify that I have this day, served a true and correct copy of the following document to all persons at the addresses indicated below or on the attached list by electronic filing, electronic mail, courier, interoffice mail or by depositing the same enveloped with postage paid in the United States mail at St. Paul, Minnesota.

**Minnesota Public Utilities Commission
NOTICE OF AND ORDER FOR HEARING**

Docket Number **E-002/GR-21-630**

Dated this 30th day of December, 2021

/s/ Chrishna Beard

