

**FOR THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF MINNESOTA**
121 Seventh Place East, Suite 350
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In the Matter of Northern States Power Co.’s,
d/b/a Xcel Energy Energy’s, Petition for
Approval of Large General Time of Day
Service and Large Peak Controlled Time of
Day Service Tariffs

MPUC Docket No. E-002/M-25-289

XLI Comment

I. INTRODUCTION

Pursuant to the Minnesota Public Utilities Commission’s (“Commission”) October 21, 2025, Notice of New Supplemental Comment Period (“Notice”),¹ the Xcel Large Industrials (“XLI”)² submit this comment. XLI appreciates the opportunity to comment on this important matter.

II. ANALYSIS

XLI’s Surrebuttal Testimony in Northern States Power Company, doing business as Xcel Energy’s (“Xcel Energy”), rate case (Docket No. E002/M-24-320) highlights two significant concerns with Xcel Energy’s tariffs for Large General Time of Day Service customers and Large Peak Controlled Time of Day Service customers (together, “Data Center Tariff”): (1) Xcel Energy’s treatment of new large load customers as a subclass within the Commercial and Industrial Demand (“C&I Demand”) class, and (2) its proposed allocation of any additional revenues that are required from Large General Time of Day Service and Large Peak Controlled Time of Day Service customers as a result of the incremental cost test based on the test year base revenue allocation.³ Because Xcel Energy has not adequately explained how the new subclasses will be recognized in its Class Cost of Service Study (“CCOSS”), or addressed the mechanics of its cost allocation

¹ Notice of New Supplemental Comment Period (Oct. 21, 2025) (eDocket No. 202510-224121-01) (establishing a supplemental comment period ending on December 5, 2025).

² XLI is an ad hoc consortium of Commercial and Industrial Demand (“C&I” or “C&I Demand”) customers served by Northern States Power Company d/b/a Xcel Energy, comprised of Flint Hills Resources Pine Bend, LLC; Marathon Petroleum Corporation; and USG Interiors, Inc.

³ Ex. XLI-__ at 21:4-11 (Ly Surrebuttal).

proposal in its rate case testimony or pleading in this docket, XLI requests the Commission direct Xcel Energy to:

1. establish a new customer class for the Large General Time of Day Service and Large Peak Controlled Time of Day Service customers, separate from the existing C&I Demand Class; and
2. allocate any incremental revenues collected from new large load customers to customer classes in the same manner as Xcel Energy's production and transmission plant.

A. Xcel Energy's Data Center Tariff Inappropriately Classifies Large Load Customers

XLI disagrees with Xcel Energy's proposal to treat new large load customers as a subclass within the C&I demand class. Because customer classes should be defined to group customers with similar usage characteristics together, Xcel's proposal to group existing C&I Demand customers with Large General Time of Day Service and Large Peak Controlled Time of Day Service customers, whose usage characteristics vary so substantially from existing C&I Demand Class customers, perplexes XLI.⁴ For example, the size of Large General Time of Day customers (with new electrical demand of at least 100 megawatts) generally significantly exceeds the average C&I demand class customer.⁵ Further, because data centers operate around the clock, they maintain very high load factors, often exceeding 90%. Therefore, their maximum loads will likely occur coincident with Xcel Energy's system peaks.⁶ Also different, these very large load customers would take service exclusively at either transmission transformed voltage or transmission voltage, in stark contrast to existing C&I demand customers with materially smaller power demands.⁷ For these reasons, new very large load customers would be more appropriately classified as a separate Large General Time of Day Service class apart from the existing C&I Demand class, to "fully recognize the unique characteristics of these new very large load customers."⁸ As noted in XLI's surrebuttal testimony, many utilities plan to recognize very large load customers as separate customer classes in their CCOSs.⁹

⁴ Ex. XLI-__ at 21:16-22 (Ly Surrebuttal).

⁵ Ex. XLI-__ at 22:2-4 (Ly Surrebuttal).

⁶ Ex. XLI-__ at 22: 4-6 (Ly Surrebuttal).

⁷ Ex. XLI-__ at 22:6-11 (Ly Surrebuttal).

⁸ Ex. XLI-__ at 22:11-14 (Ly Surrebuttal).

⁹ Ex. XLI-__ at 22:17-18 (Ly Surrebuttal).

If new large load customers are not treated as a separate customer class, it may adversely impact existing customers. Primarily, XLI is concerned that the grouping of such drastically distinct customer types will distort the results of Xcel's CCOSS. If large load customers fail to generate forecasted revenues, the resulting under-recovery of costs will drive down the C&I Demand Class's calculated rate of return. Without a separate and distinct class for new large load customers, it would be difficult, if not impossible, to ensure such customers are fully covering their cost of service.¹⁰

B. Xcel Energy Has Not Provided Support for its Revenue Allocation Proposal

Xcel Energy has not provided sufficient support for its proposal to use base rate revenues to allocate the incremental revenues that it may recover from new large load customers. In explaining its proposed process, Xcel Energy states it will perform an Incremental Cost Test to mitigate the impacts of new very large load customers to existing customers, wherein it would compare the incremental costs associated with the customer with the corresponding revenues.¹¹ As explained in XLI's surrebuttal testimony, this is problematic "because fuel is a pass-through," and therefore a "majority of the incremental base rate costs would be directly related to production and transmission plant and related expenses."¹² Thus, using base rate revenues to allocate the incremental revenues would contravene cost causation principles. Xcel Energy's proposal to allocate incremental revenues recovered from new large load customers on base revenues is unreasonable. The Commission should instead direct Xcel to allocate incremental revenues to customer classes in the same manner as Xcel Energy's production and transmission plant.

III. CONCLUSION

Xcel Energy's large load tariff concerns XLI for several reasons, primary of which are (1) its proposal to treat new large load customers as a subclass within the C&I demand class, and (2) its allocation of additional revenues required from Large General Time of Day Service and

¹⁰ Ex. XLI-__ at 22:23-23:4 (Ly Surrebuttal).

¹¹ Ex. XLI-__ at 23:10-12 (Ly Surrebuttal). Such incremental costs might include "energy costs based on forecast fuel rates, capacity costs based on the potential need for resource additions consistent with the Company's latest Integrated Resource Plan, and the net increase in MISO-related costs, adjusted for the impact of any jurisdictional cost allocations increase." Ex. XLI-__ at 23:12-16 (Ly Surrebuttal).

¹² Ex. XLI-__ at 23:16-18 (Ly Surrebuttal).

Large Peak Controlled Time of Day Service customers as a result of the incremental cost test using the test year base revenue allocation. Xcel Energy has not adequately explained how the CCOSS will account for the new large load subclasses, nor has it addressed the mechanics of its revenue allocation proposal. As such, XLI recommends the Commission direct Xcel Energy to establish a new customer class for the Large General Time of Day Service and Large Peak Controlled Time of Day Service customers, separate from the existing C&I Demand Class. This will ensure proper shouldering of costs stemming from bringing new very large load customers online. Additionally, XLI recommends the Commission direct Xcel Energy to allocate any incremental revenues collected from new large load customers to customer classes in the same manner as Xcel Energy's production and transmission plant.

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Respectfully submitted,

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