

BEFORE THE COURT OF ADMINISTRATIVE HEARINGS

FOR THE

MINNESOTA PUBLIC UTILITIES COMMISSION

STATE OF MINNESOTA

In the Matter of the Petition of the City of
Slayton for the Determination of
Compensation for City Acquisition of Xcel
Energy Electric Service Territory

MPUC Docket No. E-002, PT-7157/
SA-25-129
CAH Docket No. 25-2500-40870

**REBUTTAL TESTIMONY OF MARK S. MITCHELL
ON BEHALF OF THE CITY OF SLAYTON**

January 9, 2025

Exhibit ____

PUBLIC DOCUMENT

I. INTRODUCTION

Q. Mr. Mitchell, please state your full name and occupation.

A. My name is Mark S. Mitchell and I am a retired electric utility executive.

Q. On whose behalf are you giving this testimony?

A. I am testifying on behalf of the City of Slayton ("City").

Q. Please summarize your qualifications.

A. I had a 42-year career in the electric utility industry. The last 13 years I served as the Director of Operations and Chief Operating Officer for the Southern Minnesota Municipal Power Agency (SMMPA). I was responsible for all aspects of SMMPA's generation, transmission and market operations in the Midcontinent System Operator (MISO) market. This included SMMPA's development of transmission rates under Attachment O of MISO's tariff and the settlements of generation, load, and transmission charges and revenues between MISO, SMMPA, and other utilities. Prior to working at SMMPA I served as the executive director of the Arizona Power Authority where I was responsible for managing and marketing Arizona's allocation of Hoover Dam power. This included managing relationships and contracts with 31 utilities, the Federal Bureau of Reclamation and the Western Area Power Administration. I also spent 19 years with Salt River Project in Arizona, which is the public power utility serving much of the Phoenix metropolitan area. I held various positions of increasing responsibility at Salt River Project including managing a power marketing group, as well as regulatory affairs and contracts.¹

¹ See also, Mark S. Mitchell Statement of Qualifications attached hereto.

1 **Q. Have you reviewed any testimony in this proceeding?**

2 **A.** Yes.

3 **Q. What testimony did you review?**

4 **A.** I reviewed the public versions of direct testimony of Lisa R. Peterson and Bixuan Sun.

5 **Q. Have you reviewed any other direct testimony in this proceeding?**

6 **A.** No.

7 **Q. What is the purpose of your testimony in this proceeding?**

8 **A.** I am providing testimony to rebut certain statements in Lisa R. Peterson's direct testimony
9 regarding the recovery of costs associated with the transmission system. Specifically, the
10 statements that Slayton will only continue to contribute to the cost of the transmission
11 system if the lost revenue calculation appropriately includes transmission costs.² I also
12 address Ms. Peterson's statement that there may be system stability problems and the
13 potential need for a transmission study and possible system upgrades if substantial
14 Slayton load leaves the Xcel system, and that Slayton should be responsible for costs
15 associated with such study and potential upgrades.³

16 **SLAYTON CONTRIBUTION TO TRANSMISSION COSTS**

17 **Q. What was your initial reaction to Ms. Peterson's testimony regarding transmission costs**
18 **needing to be included in the lost revenue calculation?**

19 **A.** I was surprised. As discussed below, I had discussions with Xcel personnel on that very
20 topic in 2021 and 2023. My understanding is that Xcel has acknowledged that
21 transmission costs are avoidable because they are paid by the load through the

² Peterson Direct Testimony, p. 45, ll. 13-15.

³ Peterson Dir. Test., p. 38, ll. 1-17.

1 Midcontinent Independent System Operator (MISO), regardless of what utility is serving
2 the load.

3 **Q. Did you consider that there may be a logical reason for Xcel taking the position they**
4 **have regarding transmission costs in this instance?**

5 **A.** Yes. I realize that Xcel's 69 kV transmission system that serves Slayton and the
6 surrounding area is somewhat remote and may not be included in Xcel's cost recovery
7 calculations in the MISO process.

8 **Q. Did you have a way to determine if Xcel's costs for this part of its transmission system**
9 **are included in the MISO transmission cost recovery calculations?**

10 **A.** Yes. On MISO's public website, there are lists of transmission facilities, by utility, that are
11 included for MISO's use to provide transmission service and that are included in MISO's
12 transmission cost recovery process.⁴

13 **Q. Did you find Xcel's 69 kV lines that serve Slayton and the surrounding area in the list of**
14 **Xcel transmission lines on the MISO website?**

15 **A.** Yes. In MISO, Xcel is referred to as NSP and the NSP 69 kV lines around Slayton are
16 included. I discuss this in more detail below.

17 **Q. Do you agree with Ms. Peterson's testimony that Slayton will only continue to**
18 **contribute to the cost of the transmission system if the lost revenue calculation**
19 **appropriately includes transmission costs?**

20 **A.** I do not agree with Ms. Peterson's assertion. The costs of transmission facilities for
21 transmission owning utilities (TOs) such as Xcel/NSP, that operate in the MISO footprint
22 are paid through retail rates for retail customers of the TO, and through a cost recovery

⁴ MISO Website, <https://misoenergy.org/legal/transferred-transmission-facilities> (last visited Jan. 8, 2026). From the above website, select "NSP Transferred Facilities 2025.xlsx" from the list of utilities.

1 mechanism through MISO for customers served by other utilities that are within the
2 transmission footprint, or transmission zone, of the TO. That means that the electric
3 customers in Slayton are currently paying for the transmission facilities through Xcel retail
4 rates and will pay for the transmission facilities through the MISO rate mechanism in the
5 future whether Slayton is a municipal electric utility, or not.

6 **Q. If Slayton forms a municipal utility, how will Slayton receive and pay for transmission**
7 **service to deliver electricity to its customers?**

8 **A.** In order to deliver power supply to its customers, Slayton would have to take and pay for
9 transmission service from MISO either by joining MISO itself or contracting with an
10 existing MISO member to represent its load in MISO. MISO would collect revenues from
11 Slayton (or the entity representing Slayton) based on Slayton's load and pay to Xcel the
12 transmission revenues collected.

13 **Q. How is MISO involved in this process and what is its role?**

14 **A.** One of the primary roles of MISO is to provide open, non-discriminatory access to
15 transmission service throughout the MISO footprint. Xcel and Slayton are both within the
16 MISO footprint. For MISO to be able to provide open access services, MISO developed a
17 process by which TOs turn over use of their transmission assets to MISO. In return, MISO
18 developed a process through which each TO develops transmission rates to be charged
19 by MISO and through which MISO collects the transmission revenues in trust for the TOs
20 and pays those revenues to the TOs. The transmission system in MISO is divided into
21 transmission pricing zones based on individual TOs. The Xcel transmission pricing zone
22 (referred to as NSP in MISO) is Zone 16.⁵

⁵ MISO Website, <https://misoenergy.org/legal/rules-manuals-and-agreements/tariff> (last visited Jan. 8, 2026). From the above website, select "Schedules" tab, then select "Schedule 09 – Network Integration Transmission Service", p. 4.

1 **Q. How does the MISO transmission rate process work?**

2 **A.** The MISO rate process provides for the recovery of a TO's transmission system capital
3 costs, O&M cost, and a rate of return and rates are developed under what is called
4 Attachment O of MISO's tariff.⁶ MISO charges the transmission rates to each utility
5 serving load in a given transmission pricing zone based on the monthly peak demand of
6 each utility coincident with the overall monthly peak demand of the transmission zone.
7 In other words, based on whatever a utility's load is at the time of the highest combined
8 load of all utilities in the transmission zone.

9 **Q. Do different utilities pay different rates in a given transmission zone?**

10 **A.** No. Transmission rates are not broken down by individual areas of the pricing zone or
11 individual groups of customers. For network integration transmission service, which is the
12 transmission delivery service that would be used by Slayton, referred to as Schedule 9, a
13 single zonal rate, by TO, is developed based on the total annual transmission revenue
14 requirements of the TO and the total electric peak demand in the zone.⁷ All loads that are
15 not retail customers of the TO pay the same Schedule 9 rate regardless of where they are

⁶ MISO Website, <https://misoenergy.org/legal/rules-manuals-and-agreements/tariff> (last visited Jan. 8, 2026). From the above website, select the "Attachments" tab and then select "Attachment O – Rate Formulae". The NSP Attachment O Rate Formula Template is on pages 479-581 of 2259 pages in the Attachment O posted on Jan. 5, 2026.

⁷ See Schedule 9, *supra* note 5.

1 on the system. The transmission component of the TO's retail rates should reflect the
2 Schedule 9 rate so that all customers in the zone pay the same for transmission service.

3 **Q. How does MISO get access to a TO's transmission system in order to provide this**
4 **Schedule 9 transmission service?**

5 **A.** MISO has a process through which TOs turn over transmission facilities to MISO for use in
6 providing the transmission service. For some transmission facilities the TO turns over
7 functional control to MISO, and for some transmission facilities the TO allows MISO to use
8 the lines to provide transmission service without MISO controlling the lines.

9 **Q. What is meant by functional control?**

10 **A.** Function control allows MISO to operate the entire grid of facilities turned over for
11 functional control as a single system for the overall benefit of the grid and customers that
12 rely on the grid. MISO can direct the transmission owners to take actions deemed
13 necessary by the MISO operators to avoid system overloads, relieve overloaded lines, and
14 other actions to maintain the reliability and integrity of the grid. MISO does not own the
15 facilities, but functions as a single operator.

16 **Q. How does a TO turn over facilities to MISO for its use?**

17 **A.** In order to turn over transmission facilities to MISO for functional control, TOs enter into
18 a Transmission Owners Agreement (TOA) with MISO. The form of the TOA is available on

1 MISO's public website.⁸ Under the TOA, the TO identifies which of its transmission
2 facilities are included in the transfer of control (Transferred Transmission Facilities) and
3 the TOA provides for the recovery and repayment of transmission revenues by MISO.

4 In addition, under Appendix G of the TOA, a TO can designate transmission facilities that
5 will not be turned over to MISO for functional control, but MISO is allowed to use those
6 facilities to provide transmission service and the TO is allowed to include the cost of those
7 facilities in the rate calculations for cost recovery through MISO. Facilities under this
8 Appendix G are referred to as Non-Transferred Transmission Facilities.⁹ In response to
9 Information Request #86 Xcel Energy confirmed that they have executed the TOA and
10 associated Appendix G.¹⁰

11 **Q. You previously referred to a list on the MISO website of transmission facilities under**
12 **MISO control. Can you please explain that in more detail?**

13 **A.** Yes. MISO provides access on its public website to a list of Transferred Transmission
14 Facilities and Non-Transferred Transmission Facilities, by transmission owning utility.¹¹ A
15 review of the list for Xcel/NSP, identified in a spreadsheet labeled NSP Transferred
16 Transmission Facilities, shows that Xcel/NSP has an extensive list of Transferred
17 Transmission Facilities. In addition, it shows that the 69 kV transmission lines serving the

⁸ MISO Website, <https://misoenergy.org/legal/rules-manuals-and-agreements/tariff> (last visited Jan. 8, 2026). From the above website, select the "Rate Schedules" tab then select "Rate Schedule 01 – Transmission Owners Agreement".

⁹ *Id.* at pages 300-303 (Transmission Owners Agreement - Appendix G).

¹⁰ Xcel Electric Response to Slayton Information Request No. 86.

¹¹ See Note 4, *supra* (NSP Transferred Facilities 2025.xlsx).

1 City of Slayton and surrounding areas are included as “Non-transferred Transmission
2 Facilities that are subject to Appendix G (Agency Agreement) of the Transmission Owners
3 Agreement”. This means those lines are used by MISO to provide transmission service,
4 the costs associated with those lines are included in the Xcel/NSP zonal transmission rates
5 calculation, and the costs are recovered by MISO and returned to Xcel/NSP.

6 **Q. Does that mean that Xcel receives the cost of the transmission facilities serving Slayton**
7 **through its MISO Zone 16 transmission rates?**

8 **A.** Yes.

9 **Q. Are there any transmission lines other than the 69 kV lines owned by Xcel that could be**
10 **used to deliver electric service to Slayton?**

11 **A.** According to the transmission map available through openinframap.org (the “Open
12 Infrastructure Map”) there is only one 69 kV transmission system in the area of Slayton.¹²
13 We know from the list of NSP 69 kV lines included as part of the Transmission Owners
14 Agreement discussed above that these lines are owned by Xcel. However, I understand
15 that Great River Energy recently constructed a 69 kV tap line approximately 1200 feet in
16 length that connects from an Xcel 69 kV line to a Nobles Cooperative Electric substation.
17 There may be other such short tap lines connected to the Xcel transmission system,
18 however, a tap line cannot by itself provide transmission delivery service without the use
19 of the line and system to which it connects.

¹² OpenInfraMap Website, <https://openinframap.org/#13.92/43.98215/-95.75914> (last visited Jan. 8, 2026).

1 **Q.** You previously stated that if Slayton forms a municipal utility, it will take and pay for
2 transmission service through MISO. Does this mean that Slayton would pay the MISO
3 Zone 16 transmission rate?

4 **A.** Yes.

5 **Q.** Would this be true even if Slayton is connected to a substation that is connected to the
6 Xcel transmission system through a tap line owned by a utility other than Xcel?

7 **A.** Yes.

8 **Q.** You stated that the Xcel 69 kV lines serving Slayton are included in the Zone 16
9 transmission rate calculation. Does the MISO process include an expectation that a
10 municipal utility being served from a specific set of transmission facilities is solely
11 responsible for paying the costs of those facilities?

12 **A.** No. The MISO process essentially socializes the costs of all transmission facilities included
13 in a given pricing zone such that all customers located in that pricing zone pay for a portion
14 of all of the transmission facilities in the zone. A customer in Minneapolis would pay a
15 portion of the cost of lines serving Slayton and a customer in Slayton would pay a portion
16 of the cost of lines serving Minneapolis.

Withdrawn

Q.

A.

Q.

A.

Withdrawn

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Q.
A.

SYSTEM STABILITY ISSUE

- 12
- 13 **Q.** Referring to the Slayton area having both electrical load and electrical production from
14 **Community Solar Gardens (CSGs) interconnected at the same substation, Ms. Peterson**
15 **states that there may be system stability issues if substantial Slayton load exits the**
16 **system. Do you agree with that statement?**
- 17 **A.** No, I do not believe that is a valid concern. Slayton is a relatively small load connected to
18 a remote 69 kV system and the CSG energy production is small relative to the overall
19 electric grid. System stability becomes a concern on the electric grid when major system
20 disruptions occur such as the unexpected loss of a major coal or nuclear generator or the
21 loss of a heavily loaded major high voltage transmission line. Typically, multiple major
22 disruption events on the high voltage system (345kV and above) have to occur
23 simultaneously or in rapid succession to create system stability issues. I have never heard

1 of a system stability issue occurring due to issues with small load or generation on a
2 remote 69 kV line.

3 **Q. Ms. Peterson provides an example, when referencing possible system stability issues,**
4 **that there may be a requirement for a transmission system study if generation**
5 **production is greater than the load at the substation and that Slayton should be**
6 **responsible for the costs of such study and any resulting system upgrade requirements.**
7 **What is your reaction to that statement?**

8 **A.** First, having ruled out any system stability issues related to load and generation at Slayton
9 as being virtually impossible from an engineering perspective, a stability study would not
10 be required. In addition, even if the City of Slayton load is no longer served from Xcel's
11 Slayton substation, the load would be served from a nearby substation that would
12 essentially be considered the same electrical point from an engineering analysis
13 perspective when evaluating the broader electrical system. From a system and physics
14 perspective, more CSG generation may be exported through the Xcel Slayton substation
15 transformer onto Xcel's 69 kV system, but it would then be absorbed by Slayton load on
16 the nearby substation.

17 **Q. Does that conclude your rebuttal testimony?**

18 **A.** Yes.

Attachment Description
Mark S. Mitchell Statement of Qualifications
Xcel Electric Response to Slayton Information Request No. 86

Statement of Qualifications

Mark S. Mitchell

I enjoyed a successful 42-year career in the electric utility industry, during which I gained experience and developed expertise in many aspects of utility policy and operational matters including federal and regional energy policy, generation and transmission planning, development and operation, wholesale power marketing, fuel supply management, and utility operations under organized markets and single utility models.

From 2011 to 2024 I served as the Director of Operations and Chief Operating Officer of the Southern Minnesota Municipal Power Agency (SMMPA). In that role I was responsible for all aspects of generation and transmission planning and operations, as well as SMMPA operations within and interactions with the Midcontinent Independent System Operator (MISO). This required my involvement and understanding of how generation is offered into the MISO market, how load is bid into the market, and how transmission service is provided through MISO. This also involved the development of SMMPA's transmission rates for services provided through MISO under various rate schedules, which are developed through a process under Attachment O of the MISO tariff.

I represented the interests of SMMPA and its members in dealings with other utilities and utility organizations throughout the state and region. I served on and chaired the Vision Team of Grid North Partners (formerly CapX2020) dealing with the coordinated joint development of major transmission lines pursuant to MISO's long range transmission plans.

Prior to working for SMMPA I served as the Executive Director of the Arizona Power Authority responsible for marketing and managing Arizona's allocation of Hoover Dam power. I also spent 19 years with Salt River Project in Phoenix, Arizona, and five years with generation and transmission cooperatives in Colorado and Wisconsin, serving in staff engineering roles and management roles in power marketing, regulatory affairs and contract development and implementation. I also worked with a consulting firm, K.R. Saline and Associates in Arizona working for small public power utilities dealing with federal power and other electric service matters.

I was involved in many other industry leadership roles serving on and chairing the boards of the Colorado River Energy Distributors Association, Grid North Partners, Western Fuels Association, and Arizona Electric Power Cooperative.

Education and Professional Registration

- Bachelor of Science Electrical Engineering – New Mexico State University 1982
- Master of Engineering Management – University of Colorado 1993
- Registered Professional Engineer – Colorado (inactive)

- ☐ Not-Public Document – Not For Public Disclosure
☐ Public Document – Not-Public Data Has Been Excised
☒ Public Document

Xcel Energy	Information Request No.	86
Docket No.:	E002,PT7157/SA-25-129	
Response To:	City of Slayton	
Requestor:	Lisa Larson	
Date Received:	December 12, 2025	

Question:

Has NSP/Xcel Energy executed a Transmission Owners Agreement and the associated Appendix G Agency Agreement with MISO?

Response:

Yes, NSP has executed the Transmission Owners Agreement with MISO. The agreement is Rate Schedule 1 of the Tariff and Appendix G is part of the agreement. The NSP execution can be found on page 7 at the following link on MISO's website: https://cdn.misoenergy.org/Transmission%20Owner%20Executed%20Signature%20Pages%20to%20the%20Transmission%20Owners%20Agreement95903.pdf?_t_id=YZB9ZWVdabQz1HCAHvx9og%3d%3d&_t_uuid=n08VIS5HTouYa6bznFutXg&_t_q=TOA+signature&_t_tags=language%3aen%2csiteid%3a11c11b3a-39b8-4096-a233-c7daca09d9bf%2candquerymatch&_t_hit.id=Optics_Models_Find_RemoteHostedContentItem/95903&_t_hit.pos=5 .

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Date:	December 23, 2025