

**STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION**

| | |
|--------------------|--------------|
| Katie J. Sieben | Chair |
| Joseph K. Sullivan | Vice-Chair |
| Audrey Partridge | Commissioner |
| Hwikwon Ham | Commissioner |
| John Tuma | Commissioner |

In the Matter of the Application of
Northern States Power Company
for Authority to Increase Rates for
Electric Service in Minnesota

MPUC DOCKET NOS. E-002/GR-24-320
E-002/GS-24-321
CAH DOCKET NO. 28-2500-40515

**PROPOSED FINDINGS OF FACT, CONCLUSIONS OF LAW,
AND RECOMMENDATIONS OF
JOINT INTERVENORS**

February 25, 2026

TABLE OF CONTENTS

| | |
|---|----|
| I. LEGAL STANDARD | 1 |
| II. DISPUTED ISSUES | 2 |
| A. Other Recommendations – Definition of Energy Justice | 2 |
| B. Other Recommendations – Energy Affordability / Elimination Energy Insecurity as Public Interest | 4 |
| C. Rate Design – Low-Income Discount (LUAC) / Income-Based Rates | 6 |
| D. Other Recommendations – Disconnection Moratorium or Study Alternative..... | 9 |
| E. Other Recommendations – State Affordability Goal / Alternate Rate Proposal | 13 |
| F. Cost of Capital – Return on Equity..... | 15 |
| G. Expense or Rate Base Issues – Equity Considerations in Distribution Planning | 16 |
| H. Other Recommendations – Wildfire Mitigation and Integrated Distribution Plan..... | 19 |
| I. Expense or Rate Base Issues – Distribution Targeted Undergrounding..... | 20 |
| J. Rate Design – Super-Large Customer Tariff..... | 21 |
| K. Expense or Rate Base Issues – Virtual Power Plants (VPPs)..... | 24 |
| III. ISSUES NOT IN DISPUTE..... | 26 |
| A. Expense or Rate Base Issues – Wildfire | 27 |
| B. Expense or Rate Base Issues – Distribution Capacity Investments..... | 28 |
| C. Expense or Rate Base Issues – Hosting Capacity | 28 |
| D. Expense or Rate Base Issues – Distribution Communications Infrastructure | 29 |

Pursuant to the Administrative Law Judge’s First Prehearing Order dated January 31, 2025, Joint Intervenors submit these Proposed Findings of Fact, Conclusions of Law, and Recommendations. Joint Intervenors only address issues on which we have filed testimony and taken positions. Joint Intervenors have identified these issues using the same language as the Issues Matrix filed on January 23, 2026, as modified by the Addendum filed on February 18, 2026. Joint Intervenors’ silence on issues on which Joint Intervenors have not taken a position does not reflect support of the Company’s proposal or any other party’s position.

I. LEGAL STANDARD

Conclusions of Law

1. Xcel has the burden to prove by a preponderance of the evidence that its request to increase rates is just and reasonable.¹ If Xcel does not meet this burden for any portion of its request, then the Commission must deny its request.
2. In addition to requiring rates to be “just and reasonable,” Minnesota law dictates that rates must be “sufficient, equitable, and consistent in application to a class of consumers,” and that “[t]o the maximum reasonable extent, the commission shall set rates to encourage energy conservation and renewable energy use,” and to further certain other statutory goals.² These goals include “encourag[ing] energy programs that will provide an optimum combination of energy resources, including energy savings,” which the Legislature has found is in the public interest.³
3. The Legislature has also stated: “The commission must consider ability to pay as a factor in setting utility rates and may establish affordability programs for low-income residential ratepayers in order to ensure affordable, reliable, and continuous service to low-income utility customers.”⁴
4. To satisfy its burden, Xcel must show that the evidence submitted justifies its request “when considered with the Commission’s statutory responsibility to enforce

¹ Minn. Stat. § 216B.16; *see also* Minn. Stat. § 216B.03 (“Every rate made, demanded, or received by any public utility, or by any two or more public utilities jointly, shall be just and reasonable.”).

² Minn. Stat. § 216B.03.

³ Minn. Stat. § 216C.05.

⁴ Minn. Stat. § 216B.16, Subd. 15(a).

the state’s public policy that retail consumers of utility services shall be furnished such services at reasonable rates.”⁵

5. As the Minnesota Supreme Court has stated, “by merely showing that it has incurred, or may hypothetically incur, expenses, the utility does not necessarily meet its burden of demonstrating that it is just and reasonable that the ratepayers bear the costs of those expenses.”⁶ Even if the Commission does not find intervenors persuasive on a particular issue, Xcel must nonetheless justify its request as just and reasonable based on the evidence provided.⁷
6. Minnesota law is clear that “[a]ny doubt as to reasonableness should be resolved in favor of the consumer....”⁸

II. DISPUTED ISSUES

A. Other Recommendations – Definition of Energy Justice

Findings of Fact

7. As the Commission recognized in its Order in the Company’s last rate case, the Initiative for Energy Justice describes the four tenets of energy justice as:
 - Recognition Justice - understanding the history and context of energy decisions that have created inequitable benefits and burdens in the past and in the present. This focuses on identifying and advocating for communities that are ignored or misrepresented in energy decisions.
 - Procedural Justice - meaningful and equitable participation and representation in energy decision making.
 - Distributional Justice - ensuring benefits and burdens are equitably distributed.
 - Restorative Justice - facilitating healing and harmony by improving conditions within communities and providing for remediation of legacy harms.⁹
8. In its decision in the Company’s last rate case, the Commission “recognize[d] the importance of Energy Justice tenets as recommended in its proceedings, including

⁵ *Pet. of Minn. Power & Light Co.*, 435 N.W.2d 550, 554 (Minn. Ct. App. 1989), *rev. denied* Apr. 19, 1989 (quoting *Pet. of N. States Power Co.*, 416 N.W.2d 719, 722 (Minn. 1987)).

⁶ *Pet. of N. States Power Co.*, 416 N.W.2d at 722–23.

⁷ *Id.* at 723.

⁸ Minn. Stat. § 216B.03.

⁹ *In the Matter of the Application of Northern States Power Company, dba Xcel Energy, for Authority to Increase Rates for Electric Service in the State of Minnesota*, Docket No. E-002/GR-21-630, Findings of Fact, Conclusions, and Order, at 137-38 (July 17, 2023) (“2023 Rate Case Order”).

general rate cases.”¹⁰ It found that Energy Justice tenets were “relevant to setting rates” in that rate case proceeding.¹¹

9. The Commission has not adopted a formal definition of “energy justice.”¹²
10. The Company stated that equity, energy justice, and environmental justice “are core values for the Company, and we are working to integrate them into every relevant program, plan, and docket.”¹³ However, the Company recommended against adopting a definition of energy justice, in part for procedural justice reasons, stating that because “[e]quity and energy justice are relevant to all utilities that fall under the Commission’s jurisdiction and span many different proceedings beyond rate cases.”¹⁴ For this reason, the Company stated that, “[s]hould the Commission seek to formalize definitions of these terms, the Company supports the creation of a broader Commission docket involving all regulated utilities and their stakeholders.”¹⁵
11. The Commission has a “working definition” of “equity,” drawn from an internal memorandum from the Commission’s DEI Committee to Commission Staff:

Equity refers to a fair and just, but not necessarily equal, allocation intended to mitigate disparities in benefits and burdens. Equity in a regulatory framework means providing inclusive and equitable service to all customers, so that all customers have equitable opportunities, access, and results, and both benefits and burdens of the provision of energy are fairly distributed across all community groups. Some individuals or communities may need different levels of support to gain equitable service.¹⁶
12. Both Xcel and the Department of Commerce (Department) characterized this definition as “adequate for this rate case.”¹⁷
13. Joint Intervenors agreed with the Company that equity and energy justice are relevant to all utilities and other types of cases. For that reason—the wide-reaching importance of these concepts—along with the value of clarity in discussing these terms, Joint Intervenors recommended that the Commission adopt the definition of energy justice from the Initiative for Energy Justice, because this definition has been well vetted by a respected national organization focused on this topic.¹⁸

¹⁰ *Id.* at 139.

¹¹ *Id.* at 164, Order ¶ 121.

¹² Ex. Xcel-70 at 8.

¹³ Ex. Xcel-70 at 9.

¹⁴ Ex. Xcel-70 at 8.

¹⁵ Ex. Xcel-70 at 8.

¹⁶ Ex. Xcel-70 at 5; Ex. Xcel-71 at 7-8; Ex. DOC-21 at 6-7.

¹⁷ Ex. DOC-21 at 6-7; Ex. Xcel 71 at 7-8.

¹⁸ Ex. JIN-2 at 3, 25.

14. In the alternative, Joint Intervenors supported the Company’s recommendation to establish a broader proceeding where all utilities and stakeholders may participate.¹⁹ However, Joint Intervenors stated that, while a broader proceeding would enable broader participation and further procedural justice in that respect, many interested stakeholders may not have the capacity to meaningfully participate in a formal Commission proceeding, which would undermine procedural justice. Therefore, if the Commission adopts this alternative recommendation, Joint Intervenors encouraged the Commission to establish a reasonable timeframe for this proceeding and other procedural guardrails to ensure that less-resourced groups can meaningfully participate. Further, Joint Intervenors recommended that, in doing so, the Commission investigate or otherwise engage stakeholders from other state commissions that have already adopted definitions of energy justice to inform this process.²⁰

Conclusions of Law

15. The tenets of energy justice are relevant to all rate case proceedings, including this rate case proceeding.

Recommendations

16. The Commission should adopt the definition of energy justice from the Initiative for Energy Justice.
17. Alternatively, recognizing the concern the Company raised related to procedural justice in adopting a definition in this single-utility rate case, the Commission could establish a broader proceeding where all utilities and stakeholders may participate in the development of a definition. If the Commission adopts this alternative recommendation, the Commission should: establish a reasonable timeframe for this proceeding and other procedural guardrails to ensure that less-resourced groups can meaningfully participate; and investigate or otherwise engage stakeholders from other state commissions that have already adopted definitions of energy justice to inform this process.

B. Other Recommendations – Energy Affordability / Elimination Energy Insecurity as Public Interest

Findings of Fact

18. As demonstrated by several intervenors, Xcel customers face ongoing affordability challenges. For example, the Office of the Attorney General (OAG) demonstrated the inflationary pressure on consumers related not just to electricity and natural gas—where the Consumer Price Index (CPI) increased 4.9 percent and 1.5 percent,

¹⁹ Ex. JIN-2 at 3, 25.

²⁰ Ex. JIN-2 at 25.

respectively, from July 2023 to July 2024—but also food, whose CPI increased 2.2 percent.²¹

19. “Energy burden” is the ratio of a household’s energy costs to its gross income.²²
20. A significant portion of Xcel customers, especially its low-income residential customers, face unacceptable energy burdens.²³
21. Joint Intervenors argued that “[t]he principles of energy justice, particularly recognition justice and restorative justice, suggest that access to affordable energy and reducing the number of energy-insecure households should be treated as a public good.”²⁴
22. There are three ways that economists consider how to balance cost allocation for public goods, which are: the ability to pay principle; the benefits principle; and the responsibility principle.²⁵ Joint Intervenors argued that “[t]hese economic criteria, particularly the ability to pay principle, suggest that when viewed as a public good, the costs of implementing rates that improve affordability should be allocated broadly to customers, including to those with a greater ability to pay.”²⁶
23. Joint Intervenors recommended that the Commission formally recognize universal energy affordability and the elimination of energy insecurity to be in the public interest. They also recommended that the Commission should allow for the costs of guaranteeing universal affordability, when justified, to be allocated to customers broadly based on energy justice principles.²⁷

Conclusions of Law

24. The Commission’s core obligation to protect the public interest reinforces the idea of promoting energy affordability and eliminating energy insecurity as public goods.

Recommendation

25. The Commission should formally recognize universal energy affordability and the elimination of energy insecurity to be in the public interest.

²¹ Ex. OAG-1 at 27.

²² See, e.g., Ex. Xcel-38 at 22; Ex. CUB-3 at 5; Ex. JIN-2 at 30-31; Ex. ECC-1 at 6-7.

²³ See, e.g., Ex. OAG-8 at 40.

²⁴ Ex. JIN-2 at 26.

²⁵ Ex. JIN-2 at 27.

²⁶ Ex. JIN-2 at 27.

²⁷ Ex. JIN-2 at 3, 29-30.

C. Rate Design – Low-Income Discount (LUAC) / Income-Based Rates

Findings of Fact

26. Joint Intervenors demonstrated that, although they are essential, the Company’s low-income rates and programs reach only a fraction of the Company’s customers who are low-income or have a high energy burden.²⁸ The Company serves over 1.2 million residential customers, of which approximately 300,000 could be considered low-income, and of which approximately 150,000 also have a high energy burden.²⁹ However, Joint Intervenors showed that across all income-qualified programs, only 69,700 customers participated in one program in 2023.³⁰ The Company has also reported that 59,214 of its customers received Federal LIHEAP assistance in 2024.³¹ Joint Intervenors showed that Minnesota, like many other states, is able to deliver LIHEAP to only approximately 20% of the eligible population annually, and the program is facing significant challenges at the federal level.³²
27. The Commission previously responded to this insufficiency and desire to reach more customers in Xcel’s last rate case when it established the Low-Income Low-Usage (LILU) discount, now called the Low-Usage Affordability Credit (LUAC).³³ In adopting LUAC, the Commission relied on its authority under Minn. Stat. § 216B.16, Subd.15(a), which states that the Commission “must consider ability to pay as a factor in setting utility rates and may establish affordability programs for low-income residential ratepayers in order to ensure affordable, reliable, and continuous service to low-income utility customers.”³⁴
28. Joint Intervenors argued that, “even if the Company is able to achieve the full potential enrollment in the LILU [now LUAC] program, the program remains insufficient as a means to ensure universal energy affordability” because many low-income energy insecure customers do not qualify as low-usage.³⁵
29. There remains a need for a comprehensive affordability solution, as shown by persistent energy insecurity and the limited reach of existing affordability programs.³⁶
30. Using RMI’s Energy Poverty Policy Simulator (EPPS) tool, Joint Intervenors estimated that “implementing a policy that caps the median energy burden of low-income customers at 6% would have an aggregate cost of \$92.2 million but would also produce a countervailing ratepayer benefit of \$66.2 million in the form of

²⁸ Ex. JIN-2 at 30-31.

²⁹ Ex. JIN-2 at 31-32

³⁰ Ex. JIN-2 at 32 (citing Ex. Xcel-38 at 26).

³¹ Ex. JIN-2 at 33 (citing Xcel 2024 Low-Income Program Annual Report at 2).

³² Ex. JIN-2 at 33.

³³ 2023 Rate Case Order at 123; *see also id.* at 160, ¶ 63.

³⁴ *Id.*

³⁵ Ex. JIN-2 at 35-36.

³⁶ Ex. JIN-2 at 36.

savings from avoided arrears.”³⁷ They also estimated that, “[i]n net, if the full cost of achieving this energy burden goal was recovered only from residential customers above the poverty line, the EPPS estimates that the ratepayer impact would be \$6.57 per month. But if the costs of capping energy burden at 6% are recovered from all ratepayers proportionally to their usage, the cost for residential ratepayers would be just \$1.25 per month.”³⁸

31. Joint Intervenors recommended that the Commission again rely on its authority under Minn. Stat. § 216B.16, Subd. 15(a), as well as Minn. Stat. § 216B.03, and establish a process to develop a universal low-income rate.³⁹ They further recommended that the Commission look to learnings from at least eleven other states that offer utility discount programs, as well as the recent process at the Illinois Commerce Commission to develop low-income rates for electric and gas utility customers.⁴⁰
32. The Department agreed with Joint Intervenors that “there are far more low-income households in the State of Minnesota who have high energy burdens than are served by the Energy Assistance Program.”⁴¹ Among other implementation considerations, the Department urged that there be given due consideration to the “costs of any proposal, . . . particularly since customers who are either ineligible for the rate or are eligible but not actually served, will have to pay for it.”⁴² The Department also critiqued Joint Intervenors illustrative estimate of the potential costs of a low-income rate.⁴³
33. The Company argued that a universal low-income rate would violate Minn. Stat. § 216B.03 because it would be unreasonably preferential, unreasonably prejudicial, discriminatory, or not consistent in application to a class of customers.⁴⁴ The Company also argued that a universal low-income rate would be contrary to ratemaking principles, specifically cost-causation ratemaking principles.⁴⁵ Related to this argument, the Company stated that it is more appropriate to address affordability through targeted programs rather than ratemaking.⁴⁶
34. The Company recognized that it offers multiple rates without evidence of a differential cost of service, including specifically the LUAC rate discount.⁴⁷ Moreover, the Company recognized that its proposed expansion of LUAC “does not have a cost-of-service basis.”⁴⁸ In addition, the Company offers a Business Incentive and Sustainability (BIS) Rider and Competitive Response Rider (CRR),

³⁷ Ex. JIN-5 at 35.

³⁸ Ex. JIN-5 at 35.

³⁹ Ex. JIN-2 at 3, 40-41.

⁴⁰ Ex. JIN-2 at 38-40.

⁴¹ Ex. DOC-22 at 3.

⁴² Ex. DOC-22 at 3.

⁴³ Ex. DOC-22 at 3-4.

⁴⁴ Ex. Xcel-71 at 60-61; Ex. Xcel-77 at 17.

⁴⁵ Ex. Xcel-71 at 60-61; Ex. Xcel-77 at 16-17.

⁴⁶ See, e.g., Ex. Xcel-71 at 60-61; Ex. Xcel-77 at 16-17.

⁴⁷ Ex. JIN-5 at 25.

⁴⁸ Ex. JIN-5 at 25.

which it has acknowledged “are justified not through the lens of cost to serve but the additional benefits these customers bring to existing customers by reducing other customers’ revenue requirements.”⁴⁹

35. Joint Intervenors argued that the Company’s rationale for the BIS Rider and CRR applies to a universal low-income rate, stating that “differentiating residential rates can meaningfully reduce the bad debt expense of utilities, providing a ratepayer benefit to all customers.”⁵⁰ Thus, a low-income rate would also be consistent with rate-making principles and existing Company rates and programs.
36. Joint Intervenors also stated that their recommended process would address the implementation concerns raised by the Department and Xcel and would also allow the Company and stakeholders to develop more precise estimates of benefits and costs.⁵¹

Conclusions of Law

37. In developing a low-income rate, the Commission would be acting consistently with ratemaking principles and well within its statutory authority.
38. Minn. Stat. § 216B.03 specifically requires rates to be “equitable” in application to a class of customers. The Company’s “working definition” of equity recognizes that “[s]ome individuals or communities may need different levels of support to gain equitable service.” For rates to be equitable, they may have to provide additional support to customers who are struggling with affordability, such as through a universal low-income rate.
39. Minn. Stat. § 216B.03 also requires rates not to be “unreasonably preferential, unreasonably prejudicial, or discriminatory.” Low-income programs and rates, such as a universal low-income rate, are not unreasonably preferential, unreasonably prejudicial, or discriminatory, because they address existing discrimination due to historical and ongoing social and economic inequities that have led to geographic concentrations of poverty, high energy burdens, and other disparities.
40. Minn. Stat. § 216B.16 Subd. 15(a) states that the Commission “must consider the ability to pay” in setting rates, which further supports the Commission’s authority to develop a low-income rate to address these ongoing affordability concerns.
41. The Commission has significant discretion to approve differentiated rates or new customer subclasses as long as they are reasonable and sufficiently justified.⁵²

⁴⁹ Ex. JIN-5 at 26.

⁵⁰ Ex. JIN-5 at 26.

⁵¹ Ex. JIN-5 at 37-38.

⁵² *St. Paul Chamber of Commerce v. Minnesota Public Service Commission*, 251 N.W.2d 350, 354-55 (1977).

Recommendation

42. The Commission should rely on its authority under Minn. Stat. § 216B.16, Subd. 15(a), as well as Minn. Stat. § 216B.03, and establish a process to develop a universal low-income rate. This process should address concerns raised by Xcel and the Department, and otherwise develop evidence related to the benefits, costs, behavior impacts, cost allocation, and rate implications of such a rate. This process should examine examples and processes used in other states.

D. Other Recommendations – Disconnection Moratorium or Study Alternative

Findings of Fact

43. Xcel’s disconnections have reached record levels since the Company’s previous rate case, decided in 2023.⁵³ In the first seven months of 2025, Xcel disconnected 2.4-times more customers than the average year-to-date number of disconnections in the 16 years prior to the COVID-19 pandemic.⁵⁴
44. Multiple studies—by Joint Intervenors witness Dr. Chan and his colleague, Dr. Bhavin Pradhan, and by Xcel’s own consultant, TRC—have shown that there are racial disparities in residential disconnections.⁵⁵ Specifically, Drs. Chan and Pradhan found “a 10 percentage point increase in a neighborhood’s population of people of color is associated with a 17-22% increase in the rate of disconnections across a range of models that control for other socioeconomic factors (including median income, poverty level, unemployment rate, population density, housing tenure, year, county, and housing age).”⁵⁶
45. Disconnections compound other grid disparities. As Dr. Chan explained in his testimony, “[w]hen a household does not have access to electricity, whether because they have been disconnected or there is a grid outage, they may turn to similar coping strategies that carry negative health and safety impacts.”⁵⁷ These may include dangerous home-heating practices, dealing with spoiled food, and disruption of a household’s childcare, education, and employment.⁵⁸
46. The Company argued that disconnections reduce bad debt expenses that are recovered from other ratepayers. Company witnesses pointed to the disconnection

⁵³ Ex. JIN-2 at 4-7; Ex. ECC-1 at 4; Ex. OAG-1 at 32; Ex. CUB-3 at 10-11.

⁵⁴ Ex. JIN-2 at 5.

⁵⁵ Ex. JIN-2 at 5-7.

⁵⁶ Ex. JIN-2 at 6 (citing Ex. JIN-2 Att. 2, Pradhan, Bhavin and Gabriel Chan. 2024. “Minnesota’s energy paradox: Household energy insecurity in the face of racial and economic disparities” *The Electricity Journal* 37(6): 107423, at 7-8.).

⁵⁷ Ex. JIN-2 at 10.

⁵⁸ Ex. JIN-2 at 10; *see also* Ex. JIN-1 at 8-9 (making similar statements), JIN-5 at 7-8 (describing studies demonstrating the large social cost of disconnections).

moratorium during the COVID-19 pandemic as evidence that, when it suspends disconnections, bad debt increases.⁵⁹

47. Joint Intervenors showed that, as disconnection rates have reached record levels over the past three years, disconnections have done nothing to meaningfully reduce the number of people who carry past-due balances or to reduce the total past-due balance of customers who are behind.⁶⁰
48. Joint Intervenors argued that “attributing the pandemic increase in bad debt solely to the disconnection moratorium, while ignoring the unprecedented disruptions to employment and income, is unfounded. This conclusion is particularly unfounded because, as the state has recovered from the pandemic, utility debt levels have not materially changed, even as disconnection rates have reached multiples of historic levels.”⁶¹
49. The Company provided no evidence that disconnections effectively serve as a last-resort motivator for customers to pay their utility bills or provide any other ratepayer benefit, including lower arrears, higher payment rates, lower bad-debt expenses, or lower ratepayer costs.
50. In the alternative, Joint Intervenors recommended a time-limited, third-party randomized control trial (RCT) to allow for vigorous evaluation and inform potential changes to the Company’s current disconnection practices.⁶²
51. Joint Intervenors described an RCT as the “‘gold standard’ for causal inference” and described it as an ethical framework used to evaluate high-stakes processes, including those associated with human health.⁶³ Given the lack of evidence of the causal link between disconnections and bad debt to support the Company’s assertions that modifications to its disconnection practices or a moratorium on disconnections will increase bad debt, an RCT would provide the evidence necessary to make informed decisions about disconnection practices.⁶⁴
52. Several state public utility commissions have authorized RCTs as part of program evaluation and design.⁶⁵ For example, Minnesota Power relied in part on an RCT to develop new rate designs.⁶⁶

⁵⁹ See, e.g., Ex. Xcel-38 at 35, Ex. Xcel-71 at 21, 48-50.

⁶⁰ Ex. JIN-2 at 7.

⁶¹ Ex. JIN-2 at 8; see also Ex. JIN-5 at 5-7.

⁶² Ex. JIN-2 at 2-3.

⁶³ Ex. JIN-3 at 6, 17.

⁶⁴ Ex. JIN-2 at 6-8; Ex. JIN-3 at 7.

⁶⁵ Ex. JIN-3 at 10-11.

⁶⁶ Ex. JIN-3 at 10 (citing *In the Matter of Minnesota Power’s 2021 Integrated Distribution Plan*, Docket No. E-015/M-21-390, MINNESOTA POWER 2021 INTEGRATED DISTRIBUTION PLAN (October 25, 2021) at 54-56).

53. Joint Intervenors witness Dr. Chan described the study design in detail in his rebuttal testimony.⁶⁷ In sum, he recommended:

- **Population:** Residential customers otherwise eligible for disconnection under existing rules, excluding those already receiving statutory protections (e.g., Cold Weather Rule, medical exemptions) or in ongoing pilots (e.g., Automatic Bill Credit pilot).
- **Randomized Selection:** Applied in a stratified manner to ensure customers are balanced across key measures impacting risk of disconnection, such as arrears levels, length of service, and geographic area.
- **Three Experimental Arms (at least):** (1) Disconnection moratorium; (2) Extended grace period and enhanced outreach; and (3) Control group (existing practices). Notably, none of these groups would be worse off than under current practices.
- **Outcomes Tracked:** (1) Financial outcomes; (2) Household stability outcomes; and (3) Equity and harm-reduction outcomes. Dr. Chan also recommended qualitative tracking on the experience of participating households.
- **Timeframe:** At least 12 months, up to 24 months.

Implementation: Third party with expertise in conducting RCTs with human subjects, via competitive RFP.

- **Ethical and Legal Guardrails:** (1) Randomization would only ever result in less punitive treatment than the status quo; (2) Study would not alter or waive any of the statutory protections currently in place; (3) Randomization helps ensure compliance with Minnesota’s prohibition on unreasonable preferences or discrimination by preventing arbitrary distinctions among customers; (4) Oversight by an Institutional Review Board (IRB); and (5) Support by a Commission-appointed advisory committee, which could involve the existing Environmental Justice Accountability Board (EJAB).
- **Preliminary Cost Estimate:** \$75,000 (3% of Company’s test-year budget for credit and collections).

54. Xcel objected to Joint Intervenors’ RCT proposal.⁶⁸ The Company argued that the proposal violates Minn. Stat. § 216B.07, which requires that “[n]o public utility shall, as to rates or service, make or grant any unreasonable preference or advantage to any person or subject any person to any unreasonable prejudice or disadvantage.”⁶⁹ The Company stated that Dr. Chan’s proposal would unreasonably

⁶⁷ Ex. JIN-3 at 13-21.

⁶⁸ Ex. Xcel-72 at 12-14.

⁶⁹ Ex. Xcel-72 at 14.

advantage customers in treatment groups not subject to current disconnection practices.⁷⁰ In addition to this statutory objection, Xcel stated that the proposal would treat Xcel's customers within a class differently and unequally, which would be unfair.⁷¹

Conclusions of Law

55. Given the lack of evidence supporting the efficacy of disconnections and the negative, far-reaching, and inequitable impacts of disconnections on customers, it is in the public interest to institute a moratorium on disconnections until the Company and other stakeholders can develop a robust record that the benefits of disconnections outweigh the costs of disconnections.
56. It would also be in the public interest to undertake a robust evaluation of the Company's disconnection practices compared to alternatives in the form of a randomized control trial to better understand the benefits and costs of current and alternative disconnection policies. Although it would treat customers differently in a randomized way within a short-term window, an RCT would give the Company and the Commission the necessary evidence to establish fairer and more effective practices for dealing with customer non-payment.
57. An RCT would comply with Minn. Stat. § 216B.07. It would not disadvantage any customer because no customer would be worse-off than under current disconnection practices. While non-control group customers may be advantaged, it would not be unreasonable; rather, it would be for the critical purpose of determining whether Xcel's disconnection practices serve their intended purpose and benefit all customers, or whether they require modifications. Randomization in the treatment groups prevents arbitrary distinctions among customers, which helps ensure compliance with the prohibition on unreasonable preferences or discrimination. Oversight by the Institutional Review Board would further ensure that any advantages or preferential treatment are reasonable and in compliance with all relevant standards, the same ethical research standards used to determine the efficacy of novel medical treatments

Recommendations

58. The Commission should establish a moratorium on disconnections until the Company and other stakeholders can develop a robust record that the benefits of disconnections outweigh the costs of disconnections.
59. In the alternative, the Commission should order a robust evaluation of the Company's disconnection practices compared to alternatives in the form of a randomized control trial, as described in Joint Intervenors witness Dr. Chan's

⁷⁰ Ex. Xcel-72 at 14.

⁷¹ Ex. Xcel-72 at 13.

rebuttal testimony. The evaluation should be conducted by a third party and could be complemented with additional outreach and recoverable outreach expenditures.

E. Other Recommendations – State Affordability Goal / Alternate Rate Proposal

Findings of Fact

60. According to Minn. Stat. § 216C.05 Subd. 2, “[i]t is the energy policy of the state of Minnesota that ... retail electricity rates for each customer class be at least five percent below the national average.”
61. Responding to this state policy goal in the Company’s last rate case, the Commission required in its Order:
 77. Xcel must, in the advanced rate design docket, include an analysis on its compliance with Minnesota’s goal for rates to be 5% lower than the national average, Minn. Stat. § 216C.05, subd. 2(4), including a minimum of the following issues:
 - a. The impact of its proposed rate increase on compliance with the statutory goal;
 - b. The impact of conservation on bills and its relevance to the statutory goal;
 - c. Strategies that could be employed to improve compliance with the statutory goal; and,
 - d. An alternate rate increase proposal that would be in compliance with the statutory goal, and Xcel’s justifications for proposing any rate increases in excess of the alternate plan.⁷²
62. The Company addressed this Order Point 77 via a March 31, 2025 compliance filing in Docket No. E002/CI-24-115. The Company concluded that its compliance with the Commission’s order was justified because its “adjusted retail average rate based on what customers actually pay for electric service was 6.8 percent lower than the national system average rate” and therefore “the Company has not developed an alternative rate proposal.”⁷³
63. Joint Intervenors showed that the Company’s analysis did not comply with the statutory mandate or Order Point 77, in that it: (1) relied on a baseline comparison of the Company’s rates to rates of only other investor-owned utilities, rather than the rates of all utilities as required by statute; (2) made adjustments to its average rates to account for selected statutorily required programs, which is not expected by

⁷² 2023 Rate Case Order at 161, Order ¶ 77.

⁷³ Ex. JIN-2 at 13 (quoting the Docket No. 24-115 compliance filing).

statute; and (3) compared the average rate across classes, rather than the rates for each customer class as required by statute.⁷⁴

64. Xcel also sought to compare customers' bills instead of their rates.⁷⁵
65. Joint Intervenors emphasized the statutory language explicitly denoting the rates, not bills, and that bills incorporate usage information, stating that: "Therefore bills cannot be readily compared across regions of the country where usage levels differ substantially based on conditions outside of the control of utilities."⁷⁶
66. Joint Intervenors witness Dr. Chan conducted the requisite analysis using unadjusted rates for all customers and for only residential customers, and compared Xcel's rates to the U.S. average rates, the average retail utility rates, and the average investor-owned utility rates.⁷⁷ Dr. Chan showed that the Company is not in compliance with the statutory energy affordability goal to be 5% below the national average, and in fact, the Company's rates are higher than the national average. And even with the adjustments and narrowed national comparisons not contemplated by statute, the Company's average rates for the residential class are still above the national average.
67. Joint Intervenors recommended the Commission again require the Company to develop and file, in this docket or another docket such as Docket No. E002/CI-24-115 (advanced rate design docket), an alternate rate proposal that is in compliance with the affordability goal in Minn. Stat. § 216C.05, Subd. 2(4), and provide its justifications for proposing rate increases in excess of the alternate proposal.⁷⁸
68. With respect to justifying the Company's escalating rates, the Company stated that "trends in the Company's rate cases and rates are largely driven by reductions in sales," and pointed to Xcel's successful conservation and energy-efficiency programs as a cause for these reductions.⁷⁹ At the same time, Xcel stated that these declining sales do not lead to lower system costs because the Company continues to experience customer count growth larger than other utilities.⁸⁰
69. Joint Intervenors argued that, over the longer term, "[e]nergy efficiency reduces the need for generation, transmission, and distribution capacity, as well as fuel and variable O&M costs. Steadily declining sales should therefore put significant

⁷⁴ Ex. JIN-2 at 15-17.

⁷⁵ See, e.g., Ex. Xcel-77 at 26-27 ("the change in the average bill provides more data regarding affordability than the average retail rate since it incorporates usage information."); Ex. Xcel-16 at 13-15 ("bill impacts may be the *most* important factor to consider if one is focused on affordability...implementing conservation policies results in overall bill savings, even if it puts upward pressure on rates."); Ex. Xcel-71 at 14-17, 51-52 ("the distinction between electric *rates* and electric *bills* is critical...the primary concern for most residential customers is their monthly cost – i.e., their bill – not their rate per kWh.").

⁷⁶ Ex. JIN-5 at 16-17.

⁷⁷ Ex. JIN-2 at 18-20.

⁷⁸ Ex. JIN-2 at 3, 21.

⁷⁹ Ex. Xcel-16 at 5.

⁸⁰ Ex. Xcel-16 at 9.

downward pressure on the utility's revenue requirement as it is able to make fewer demand-related investments."⁸¹ Joint Intervenors showed how such capital investment reductions appear in the cost-benefit analyses of the Company's triennial plans for the Conservation Improvement Program (CIP) and Energy Conservation and Optimization (ECO).⁸² Joint Intervenors recommended the Company reject Xcel's framing and justification for increased rates.

Conclusions of Law

70. Xcel is not in compliance with the statutory goal Minn. Stat. § 216C.05 Subd. 2, and the Commission's related prior Order Point 77.

Recommendation

71. The Commission should require the Company to develop and file, in this docket or another docket such as Docket No. E002/CI-24-115 (advanced rate design docket), an alternate rate proposal that is in compliance with the affordability goal in Minn. Stat. § 216C.05, Subd. 2(4), and provide its justifications for proposing rate increases in excess of the alternate proposal.

F. Cost of Capital – Return on Equity

Findings of Fact

72. Xcel has requested a 10.30% authorized return on equity (ROE) in this rate case.⁸³
73. Using the Company's estimate that for each basis point increase in ROE, the test year revenue requirement increases by \$973,000, Joint Intervenors stated: "The Company's requested ROE [10.30%] is 105 basis points greater than its currently authorized ROE [9.25%], which implies that all else equal, raising the Company's ROE from its current authorized level to the proposed amount would increase the Company's revenue requirement by over \$100 million per year."⁸⁴
74. CUB pointed to affordability challenges, among other justifications, in recommending a 9.0% ROE.⁸⁵
75. The Department, Xcel Large Industrials (XLI), and Walmart all also recommended denying Xcel's request for a 10.30% ROE, with the Department and Walmart recommending a 9.25% ROE and XLI recommending an 8.96% ROE.⁸⁶
76. Joint Intervenors did not make a specific ROE recommendation. However, Joint Intervenors emphasized the importance of the "end result doctrine" established in

⁸¹ Ex. JIN-5 at 20.

⁸² Ex. JIN-5 at 20.

⁸³ Ex. Xcel-25 at 6.

⁸⁴ Ex. JIN-2 at 46.

⁸⁵ Ex. CUB-1 at 43; Ex. CUB-6 in its entirety (affirming recommendations in direct).

⁸⁶ Ex. DOC-12 at 3-4; Ex. DOC-13 at 8; Ex. WAL-1 at 14; Ex. XLI-1 at 18; Ex. XLI-7 at 3.

Federal Power Commission v. Hope Natural Gas Co. in setting ROE.⁸⁷ That is, “the standard for regulating utility rates does not turn on the precise methodology used, but on whether the overall outcome produces ‘just and reasonable’ rates. In other words, it is the result reached, not the method used, that governs.”⁸⁸

77. Based on this doctrine, Joint Intervenors recommended that the Commission give primacy to energy affordability as it determines a return on equity that meets the Commission’s definition of the public interest.⁸⁹ Consistent with this position, and without taking a position on the precise ROE in this case, Joint Intervenors recommended the Commission deny Xcel’s request for an ROE above its current 9.25% authorized ROE.

Conclusions of Law

78. The “end result doctrine” established in *Federal Power Commission v. Hope Natural Gas Co.*, affirms the Commission’s discretion to consider social policy considerations such as affordability and equity when setting ROE, so long as the “end result” is just and reasonable.

Recommendations

79. The Commission should give primacy to energy affordability as it determines a return on equity that meets its definition of the public interest.
80. The Commission should deny Xcel’s request for an ROE above its current 9.25% authorized ROE.

G. Expense or Rate Base Issues – Equity Considerations in Distribution Planning

Findings of Fact

81. Similar to the demonstrated racial disparities in disconnections, Joint Intervenors witness Dr. Chan and Xcel’s consultant TRC have also demonstrated disparities in long-duration outages (CELI-12) in neighborhoods with a higher proportion of people of color.⁹⁰
82. In light of these disparities, Joint Intervenors argued for Xcel and the Commission to integrate equity considerations into capital investments, operational practices, budgeting, prioritization, and rate-setting, to ensure that the households that are already the most energy insecure are also not the same neighborhoods most likely to be impacted by a long-duration grid outage or the most unlikely to adopt distributed energy resources (DERs) to improve their local resiliency. Joint Intervenors

⁸⁷ Ex. JIN-2 at 41-42 (citing *Federal Power Comm’n v. Hope Natural Gas Co.*, 320 U.S. 591, 602 (1944) (“It is the result reached, not the method employed, which is controlling . . . It is not theory, but the impact of the rate order, which counts.”)).

⁸⁸ Ex. JIN-2 at 41.

⁸⁹ Ex. JIN-2 at 3, 46-47.

⁹⁰ Ex. JIN-2 at 10-11; Ex. JIN-1 at 6.

highlighted “how investment prioritization itself can either perpetuate or remedy historical inequities.”⁹¹

83. The Company argued in favor of its current approach of addressing energy burden through targeted assistance programs.⁹² In addition to its energy assistance programs, the Company also emphasized its efforts to reach and elevate the voices of disadvantaged communities, particularly through its Equity Stakeholder Advisory Group (ESAG) and Environmental Justice Accountability Board (EJAB).⁹³
84. The Company described its annual “bottoms up” budgeting approach that employs nine capital budget categories and uses a “comprehensive capital forecasting system.”⁹⁴ The Company never discussed how documented reliability disparities, environmental justice community needs, or equity metrics factor into investment prioritization within or across budget categories.
85. In the Xcel’s last Safety, Reliability, and Service Quality (SRSQ) proceeding, the Commission directed the Company to undertake a third-party evaluation to examine the identified disparities in reliability and evaluate the Company’s investment planning and outage restoration practices.⁹⁵ The Company stated it was premature to take any action until the study’s completion.
86. Joint Intervenors acknowledged Xcel’s efforts to date. However, Joint Intervenors directed their recommendations at a separate issue. In sum, the Company’s current approach creates an artificial distinction between rate-setting and equity, when in reality affordability and equity in infrastructure, reliability, and other service quality metrics are inextricably linked to distribution investment, cost recovery, and rate-setting, all of which are core to any rate case, including the current one.⁹⁶ According to Joint Intervenors, there must be an integration of equity into these analytical and decision-making processes to effect systemic change.⁹⁷
87. Joint Intervenors disagreed that the SRSQ-mandated study was a prerequisite to taking action to integrate equity considerations into the Company’s planning and prioritization processes now, to inform its investments on a forward-looking basis, to avoid perpetuating further such disparities.⁹⁸

⁹¹ Ex. JIN-1 at 4.

⁹² Ex. Xcel-70 at 28.

⁹³ Ex. JIN-4 at 2-3.

⁹⁴ Ex. Xcel-34 at 18.

⁹⁵ Ex. Xcel-35 at 17 (referencing *In the Matter of Xcel Energy’s 2023 Annual Safety, Reliability and Service Quality Report*, Docket No. E-002/M-24-27, Order Accepting Reports and Setting Additional Requirements, at 15, Order ¶ 46 (Jan. 13, 2025)).

⁹⁶ Ex. JIN-1 at 4.

⁹⁷ Ex. JIN-1 at 12; JIN-4 at 3.

⁹⁸ Ex. JIN-1 at 12.

88. In sum, Joint Intervenors recommended that the Commission require the Company to integrate equity metrics into its Integrated Distribution Plan, in its internal annual budgeting and prioritization, and ultimately in the proposals it makes in rate cases.⁹⁹
89. Joint Intervenors provided examples from leading utilities in this space—namely DTE Electric and Consumers Energy, both in Michigan—on how to embed equity directly into capital allocation and project prioritization frameworks.¹⁰⁰
90. Joint Intervenors stated that the Interruption Cost Estimate (ICE) 2.0 Calculator, released by Lawrence Berkeley National Laboratory in 2025, provides a more robust approach to analyze outage costs to inform distribution investments with equity considerations.¹⁰¹ Therefore, Joint Intervenors recommended that the Commission require Xcel to use the ICE 2.0 methodology combined with demographic analysis to demonstrate how its proposed distribution investments and operational procedures address documented service disparities.¹⁰²
91. Joint Intervenors also argued that the Company should make operational changes to improve equity in reliability.¹⁰³ Specifically, Joint Intervenors recommended the Commission require Xcel to consider low-income communities as another factor in storm response and other emergency response actions.¹⁰⁴

Conclusions of Law

92. In order to ensure just, reasonable, and equitable investments and rates going forward, Xcel must transparently and explicitly integrate considerations into its Integrated Distribution Plan, its internal annual budgeting and prioritization, and its proposals in rate cases.

Recommendations

93. The Commission should require the Company to integrate equity metrics into its Integrated Distribution Plan, in its internal annual budgeting and prioritization, and ultimately in the proposals it makes in rate cases. Specifically, Joint Intervenors recommend the Commission require Xcel to make three key reforms:
 - a. Establish equity-informed prioritization criteria for distribution investments.
 - b. Integrate equity requirements into the IDP process.
 - c. Implement transparent reporting on equity outcomes.
94. The Commission should require Xcel to use the ICE 2.0 methodology combined with demographic analysis to demonstrate how its proposed distribution investments and operational procedures address documented service disparities.

⁹⁹ Ex. JIN-1 at 6.

¹⁰⁰ Ex. JIN-1 at 12-13; Ex. JIN-4 at 8-10.

¹⁰¹ Ex. JIN-1 at 9.

¹⁰² Ex. JIN-1 at 10.

¹⁰³ Ex. JIN-1 at 10.

¹⁰⁴ Ex. JIN-1 at 10.

95. The Commission should require Xcel to consider low-income communities as another factor in storm response and other emergency response actions.

H. Other Recommendations – Wildfire Mitigation and Integrated Distribution Plan

Findings of Fact

See Section III.A addressing undisputed Wildfire Mitigation issues

96. Joint Intervenors expressed concern that the Company “has not yet completed a comprehensive assessment of relative risks, costs, and benefits, or the comparative effectiveness of the different mitigation strategies and technologies it plans to deploy. Nor has it demonstrated how it will prioritize among mitigations once more detailed system-level analysis is available.”¹⁰⁵
97. Joint Intervenors suggested that a “more prudent approach is for the Company to complete the full wildfire-risk assessment and mitigation-strategy evaluation within the IDP, which is specifically designed for this type of system-wide analysis. Once that process is complete, the Company can bring forward fully evaluated and prioritized wildfire-mitigation investments in a future rate case with a more complete record on prudence.”¹⁰⁶
98. The near-term, high-risk investments agreed to by Xcel, the Department, and Joint Intervenors should address Xcel’s immediate concerns about the wildfire threat in high-risk areas. Going forward, however, Joint Intervenors recommended that the Commission require Xcel to:
- a. Complete its Minnesota-specific wildfire risk assessment;
 - b. Conduct a comparative risk analysis that evaluates wildfire risk both (a) in relation to Xcel’s other jurisdictions, such as Colorado and Texas, where urgent mitigation investments may be more pressing, and (b) relative to other safety and reliability risks in Minnesota’s distribution system;
 - c. Incorporate those findings into its 2025 Integrated Distribution Plan or its next IDP as appropriate;
 - d. Engage stakeholders through the Commission’s IDP process; and
 - e. Seek future cost recovery with specific, justified investment proposals supported by its analysis.
99. Joint Intervenors also recommended that the Commission ensure that Xcel’s proposals in this case are not grandfathered-in to any final wildfire mitigation plan, but rather receive a robust comparative assessment of relative costs, benefits, and

¹⁰⁵ Ex. JIN-4 at 18-19; *see also* Ex. JIN-1 at 17 (“First, Xcel developed these [wildfire mitigation] budgets without the benefit of its own completed wildfire assessment. ... Second, the dramatic shift from O&M to capital treatment raises serious concerns about cost recovery. ... Third, the Company has failed to demonstrate the cost-effectiveness of its proposed investments.”).

¹⁰⁶ Ex. JIN-4 at 19.

risk-reduction performance of competing technologies and approaches, in addition to locations for mitigation.¹⁰⁷

Conclusions of Law

100. Xcel's Integrated Distribution Plan is the appropriate place to consider the Company's full wildfire-risk assessment and mitigation strategy.

Recommendations

101. The Commission should require Xcel to:
- a. Complete its Minnesota-specific wildfire risk assessment;
 - b. Conduct a comparative risk analysis that evaluates wildfire risk both (a) in relation to Xcel's other jurisdictions, such as Colorado and Texas, where urgent mitigation investments may be more pressing, and (b) relative to other safety and reliability risks in Minnesota's distribution system;
 - c. Incorporate those findings into its 2025 Integrated Distribution Plan or its next IDP as appropriate;
 - d. Engage stakeholders through the Commission's IDP process; and
 - e. Seek future cost recovery with specific, justified investment proposals supported by its analysis.

I. Expense or Rate Base Issues – Distribution Targeted Undergrounding

Findings of Fact

102. The Company has proposed \$9.0 million in targeted undergrounding investments over 2025-2026.¹⁰⁸
103. In discovery, the Company explained that targeted undergrounding could deliver up to four times the CELI-12 reliability improvement, while also supporting other goals such as wildfire mitigation, preserving urban tree cover, and increasing rooftop solar hosting capacity.¹⁰⁹ The Company also confirmed that equity considerations, particularly the disparities identified in its 2024 SRSQ proceeding, informed its initial site selection and that it will more systematically incorporate such considerations in future phases through its Integrated Distribution Plan.¹¹⁰ The Company did not provide detail regarding how it has or will integrate equity considerations into its targeted undergrounding program.
104. In its 2025 SRSQ proceeding, Xcel also committed to bringing forward a fuller targeted undergrounding proposal in its 2025 IDP,¹¹¹ which it has since done.¹¹²

¹⁰⁷ Ex. JIN-4 at 22.

¹⁰⁸ Ex. Xcel-37 at 4.

¹⁰⁹ Ex. JIN-1 at 7, Att. 3.

¹¹⁰ Ex. JIN-1 at 7, Att. 3.

¹¹¹ Ex. JIN-1 at 7 (referencing Docket No. E-002/M-25-27).

¹¹² *In the Matter of Xcel Energy's 2025 Integrated Distribution Plan*, Docket No. E002/M-25-142, 2025 Integrated Distribution Plan, at 12-13, Ch. 2 at 5-24 (Oct. 31, 2025) (proposing 2025-30 budget of \$233.7 million).

105. Joint Intervenors commended Xcel for developing proposals to address disparities in reliability.¹¹³ However, Joint Intervenors emphasized the need for transparent, comprehensive analysis of the Company’s targeted undergrounding plans in its IDP, prior to cost recovery. Joint Intervenors sought more detail related to cost-effectiveness, community impact, and process, especially when compared to other investments under consideration at the Company in the 2025-2030 timeframe.
106. Xcel responded to Joint Intervenors’ concerns by pointing to its SRSQ evaluation of alternatives, its identification of targeted undergrounding as a “more comprehensive solution,” and its planned further development in its future IDPs.¹¹⁴

Conclusions of Law

107. Without this comprehensive evaluation of the Company’s targeted undergrounding plans in the IDP, the Company has not met its burden to show that its request for cost recovery of its first two years of targeted undergrounding investments in this case is just and reasonable under Minn. Stat. § 216B.16.

Recommendation

108. The Commission should require full discussion and justification of the Company’s targeted undergrounding plans and budgets through the IDP before it approves cost recovery for these investments.

J. Rate Design – Super-Large Customer Tariff

Findings of Fact

109. In compliance with recent legislation and the Commission’s Order in Xcel’s last Integrated Resource Plan (IRP) (Docket No. E002/RP-24-67), Xcel filed super-large customer tariffs in Docket No. E002/M-25-289, which is now pending Commission deliberation and decision.
110. The Commission’s IRP Order required Xcel to “make a filing in a new docket with a proposal for development of a new rate class or sub-class and tariff for super-large customers. In the proposal, Xcel must describe how it will ensure continued achievement of affordability, reliability, and clean energy goals and standards.”¹¹⁵ Among the Commission’s specific requirements for this tariff, it stated that Xcel must “[e]nsure that all incremental costs attributable to super-large customers are assigned to the super-large class or sub-class.”¹¹⁶ In establishing this requirement, the Commission indicated that it “shares commenters’ concerns about data-center-

¹¹³ Ex. JIN-1 at 8,

¹¹⁴ Ex. Xcel-35 at 13-16.

¹¹⁵ *In the Matter of Xcel Energy’s 2024-2040 Upper Midwest Resource Plan*, Docket No. E002/RP-24-67 & *In the Matter of Xcel Energy’s Competitive Resource Acquisition Process for up to 800 Megawatts of Firm Dispatchable Generation*, Docket No. E-002/CN-23-212 (consolidated), Order Approving Settlement Agreement with Modifications, at 25-26, Order ¶ 32.

¹¹⁶ *Id.*

driven load growth” and that, with the requirement, it sought to “more fully consider and address those concerns....”¹¹⁷

111. The relevant legislation requires the Commission to consider various outcomes in adopting tariffs for very large load customers, including data centers (defined separately as customers with loads of 100 MW more more).¹¹⁸ These outcomes include ensuring that “costs attributable to the utility’s very large customers ... are assigned to the very large customer class or subclass....”¹¹⁹
112. Joint Intervenors asserted that the Commission should align this rate case with the outcome of Docket No. 25-289.¹²⁰ Specifically, “[a]ny allocation of incremental capacity costs should await the tariffed terms adopted in Docket No. 25-289 and then be reflected in a refreshed CCOS, ensuring that other customers do not subsidize speculative or project-specific costs.”¹²¹
113. Joint Intervenors recommended that the Commission adopt three steps with respect to super-large customer tariffs:
 - a. State that this rate case is subject to the final order in Docket No. 25-289;
 - b. Direct Xcel to file a refreshed CCOS promptly after Docket No. 25-289 concludes to reflect any new tariff terms, charges, and allocation rules; and
 - c. Require deposit and contract provisions (from Docket No. 25-289) to protect customers against speculative projects and stranded costs.¹²²
114. Joint Intervenors also recommended that, in the meantime, the Commission should not pre-approve generic distribution capacity to serve potential data centers and other super-large customers.¹²³
115. Xcel did not respond to Joint Intervenors’ recommendations.
116. XLI filed surrebuttal testimony regarding super-large customer tariffs.¹²⁴
117. The Administrative Law Judge allowed Xcel to file additional testimony to respond to XLI’s recommendations related super-large customer tariffs.¹²⁵ In that testimony, Xcel pointed to Commission discussion during its meeting to consider Xcel’s IRP, in which the Commission considered developing a super-large customer tariff (SLCT) in this rate case or a stand-alone proceeding and ultimately opted for a stand-alone proceeding (Docket No. 25-289).¹²⁶ Xcel noted: “Based on the

¹¹⁷ *Id.* at 17.

¹¹⁸ Minn. Stat. § 216B.02, Subd. 11; § 216B.1622, Subd. 2.

¹¹⁹ Minn. Stat. § 216B.1622, Subd. 2(1).

¹²⁰ Ex. JIN-1 at 30-31.

¹²¹ Ex. JIN-1 at 30-31.

¹²² Ex. JIN-1 at 30-31.

¹²³ Ex. JIN-1 at 30-31.

¹²⁴ Ex. XLI-9 at 21-24.

¹²⁵ Ex. Xcel-98.

¹²⁶ Ex. Xcel-98 at 1-2.

Company’s proposed definition [in Docket No. 25-289], there are no existing customers that would take service under the SLCTs. The Company does not expect any SL customers to begin taking service during 2026. While there is anticipated load from data center customers in this rate case, none of that load is related to customers that would be subject to the SLCTs. As a result, there are no revenues from, or costs related to, SL customers included in either the 2025 Test Year or the 2026 Plan Year.”¹²⁷ As such, Xcel stated that “it is not reasonable to pre-judge the allocation of incremental revenues in this proceeding. Instead, the question of how to allocate can be decided in the SLCT Docket. If XLI, or any other stakeholder, identifies concerns with the allocation of incremental revenues, it is an issue that can be raised in a future rate case proceeding.”¹²⁸

118. Parties were only able to respond to Xcel’s testimony on super-large customer tariffs in briefing.
119. Joint Intervenors noted that, while Xcel may not expect any super-large customers to take service in 2026, Xcel may nonetheless have super-large customers during the period in which the rates established in this case will apply.¹²⁹ Xcel has made no commitment to filing a new rate case at that time. In addition, Xcel based its statements on the assumption that the Commission will accept the Company’s proposed definition of “super-large customer.” If it does not, then this category may include additional customers that Xcel has not considered. For these reason, Joint Intervenors asserted that requiring a “compliance CCOSS” in this rate case may be appropriate.

Conclusions of Law

120. To ensure compliance with the Minn. Stat. § 216B.1622, Subd. 2 and the Commission’s IRP Order, Xcel must align this and future rate cases with the outcome of Docket No. 25-289.

Recommendations

121. The Commission should adopt the three steps Joint Intervenors identified with respect to super-large customer tariffs:
 - a. State that this rate case is subject to the final order in Docket No. 25-289;
 - b. Direct Xcel to file a refreshed CCOSS promptly after Docket No. 25-289 concludes to reflect any new tariff terms, charges, and allocation rules; and
 - c. Require deposit and contract provisions (from Docket No. 25-289) to protect customers against speculative projects and stranded costs.
122. In the meantime, the Commission should not pre-approve generic distribution capacity to serve potential data centers.

¹²⁷ Ex. Xcel-98 at 3.

¹²⁸ Ex. Xcel-98 at 5.

¹²⁹ Joint Intervenors Initial Brief at 50.

K. Expense or Rate Base Issues – Virtual Power Plants (VPPs)

Findings of Fact

123. Xcel described its Advanced Grid Intelligence and Security (AGIS) initiative as a comprehensive plan that will advance the Company’s electric distribution system, provide customers with more choices, and enhance the way the Company serves its customers. AGIS provides the foundation for an interactive, intelligent, and efficient grid system....”¹³⁰ The Company stated that these investments are “making the grid smarter and more responsive, increasing system visibility and control, and enabling expanded customer options.”¹³¹ And it indicated that “these AGIS investments, in concert with future investments, will provide cumulative benefits that will help to modernize the distribution system while also providing an improved customer experience.”¹³²
124. In addition, the Company has made and proposes to make investments in a Distributed Energy Resource Management System (DERMS).¹³³ As Joint Intervenors noted, while the Company is not seeking cost recovery for DERMS in this case, it is clear that it is proceeding with these investments during the MYRP term.¹³⁴ Moreover, in this case the Company is proposing to recover costs for its Advanced Distribution Management System (ADMS), whose visibility and grid control capabilities are closely related to the capabilities of DERMS.¹³⁵
125. Joint Intervenors asserted that Xcel’s current and proposed investments, specifically AGIS (in this rate case) and DERMS (under development in other cases), would enable a Virtual Power Plant (VPP). Joint Intervenors further asserted that a VPP program could be a customer-facing use case that helps support cost recovery for AGIS in this rate case.¹³⁶
126. A Virtual Power Plant is an aggregation of distributed energy resources—such as smart thermostats and water heaters, residential batteries paired with rooftop solar, EV managed charging, and flexible C&I loads—coordinated to balance supply and demand and deliver utility-grade grid services.¹³⁷
127. Joint Intervenors emphasized that VPPs can be stood up quickly, e.g., within about six months for a basic program. This can help address growing capacity needs, including those from super-large customers as discussed in Docket No. 25-289.¹³⁸

¹³⁰ Ex. Xcel-34 at 105.

¹³¹ Ex. Xcel-34 at 7.

¹³² Ex. Xcel-34 at 8.

¹³³ Ex. JIN-1 at 35-38.

¹³⁴ Ex. JIN-1 at 38; Ex. JIN-4 at 13-15.

¹³⁵ Ex. JIN-1 at 39; *see also* Ex. Xcel-34 at 105 (describing ADMS).

¹³⁶ Ex. JIN-1 at 35, 40.

¹³⁷ Ex. JIN-1 at 35.

¹³⁸ Ex. JIN-1 at 40.

128. Joint Intervenors cited the U.S. Department of Energy (DOE) *2025 Liftoff Update*, which states: “On a \$/kW-yr basis, DOE finds that VPP peaking capacity is lower net cost than a gas peaker or a utility-scale battery for an illustrative 400 MW Resource Adequacy product: ~\$43 for a basic VPP vs. ~\$69 for a utility-scale battery vs. ~\$99 for a peaker (emissions/resilience benefits not even counted). VPPs also defer distribution upgrades by shaving localized peaks, lowering rate pressure for all customers.”¹³⁹
129. Given the capabilities of AGIS and other investments, including DERMS, Joint Intervenors recommended that, “[t]o ensure ratepayers receive the full value of these investments, the Commission should require the Company to implement VPP programs that utilize these capabilities to provide peak reduction, infrastructure deferral, and customer bill benefits that the Company itself acknowledges these systems enable.”¹⁴⁰
130. Xcel objected to Joint Intervenors’ recommendation. The Company emphasized that it has already shown the benefits of its AGIS investments and justified their costs, and the Commission has already approved its AGIS investments on these grounds. The Company also pointed to its existing DER programs as well as its proposed Distributed Capacity Procurement (DCP) program, asserting that an additional VPP is not necessary and the Company has not proposed one here.¹⁴¹
131. Joint Intervenors recognized that Xcel has previously justified its AGIS investments and clarified that they did not recommend that the Commission revisit its prior approval.¹⁴² Rather, the Joint Intervenors stated that AGIS and other investments have established a foundation for a VPP to achieve additional value for Xcel customers, which the Commission should require the Company to realize.¹⁴³
132. Joint Intervenors stated that the proposed DCP program serves a complementary but different purpose compared to a VPP, stating: “DCP provides a pathway for front-of-the-meter distributed resources to be procured as part of the utility’s generation portfolio, while VPPs unlock the value of customer-sited resources to meet both customer and system needs. Both are necessary elements of a modern grid; treating them as ‘either/or’ would leave significant value on the table.”¹⁴⁴
133. Joint Intervenors asserted that the multiple customer-facing DER programs Xcel already offers could serve as components of a future VPP and the Company should integrate and expand on them.¹⁴⁵

¹³⁹ Ex. JIN-1 at 42.

¹⁴⁰ Ex. JIN-1 at 40.

¹⁴¹ Ex. Xcel-35 at 34-41.

¹⁴² Ex. JIN-4 at 15.

¹⁴³ Ex. JIN-4 at 15.

¹⁴⁴ Ex. JIN-1 at 41.

¹⁴⁵ Ex. JIN-4 at 16.

134. Joint Intervenors noted that the Company's Colorado affiliate has already begun to implement a VPP, which Xcel could learn from in developing a Minnesota program.¹⁴⁶
135. Joint Intervenors recommended that the Commission make its continued approval of AGIS funding contingent on Xcel proposing a VPP tariff and implementation plan in a separate, future filing, based on the Solar United Neighbors' (SUN) model tariff, which is a well-vetted, best-practice model.¹⁴⁷ Xcel's VPP filing should:
- a. specifies target devices and MWs by year;
 - b. shows feeder/substation deferral use cases;
 - c. commits to standard, pay-for-performance aggregator contracts; and
 - d. includes customer-facing enrollment and equity strategies, with annual reporting on participation, verified peak reduction, avoided costs, and bill impacts.

Conclusions of Law

136. The Company has failed to justify its refusal to develop a VPP program leveraging its AGIS and other investments, including DERMS, and its decision to leave the associated customer value on the table; thus, it fails to satisfy its burden of proof under Minn. Stat. § 216B.16 that its AGIS investments continue to be just and reasonable in this case.

Recommendations

137. The Commission should make its continued approval of AGIS funding contingent on Xcel proposing a VPP tariff and implementation plan in a separate, future filing, based on the Solar United Neighbors' (SUN) model tariff, that:
- a. specifies target devices and MWs by year;
 - b. shows feeder/substation deferral use cases;
 - c. commits to standard, pay-for-performance aggregator contracts; and
 - d. includes customer-facing enrollment and equity strategies, with annual reporting on participation, verified peak reduction, avoided costs, and bill impacts.

III. ISSUES NOT IN DISPUTE

Joint Intervenors propose no conclusions of law or recommendations related to Distribution Capacity Investments, Hosting Capacity, and Distribution Communications Infrastructure.

¹⁴⁶ Ex. JIN-1 at 35

¹⁴⁷ Ex. JIN-1 at 45, 47, Att. 13; Ex. JIN-4 at 16-17.

A. Expense or Rate Base Issues – Wildfire

Findings of Fact

138. In its initial filings, Xcel proposed substantial wildfire mitigation spending, requesting \$70.6 million in capital additions in 2025 and \$190.9 million in 2026, with an additional \$2.6 million and \$4.4 million in O&M expenses for each year, respectively.¹⁴⁸
139. Joint Intervenors contested Xcel’s proposal and recommended that the Commission defer approval of any wildfire mitigation costs until Xcel completes its Minnesota-specific wildfire risk assessment, compares wildfire risk to other system risks, and integrates findings into its 2025 Integrated Distribution Plan.¹⁴⁹
140. Department of Commerce witness Eric Borden filed extensive testimony criticizing Xcel’s wildfire proposals. Among other things, Mr. Borden recommended scaling back the Xcel’s proposed Electric Powerline Safety Settings (EPSS) and Overhead Pole Assessment (OPA) programs to address Tier 3 (highest-risk) areas, instead of both Tier 3 and Tier 2 areas, and implementation of the Wildfire Corridor program on half of Tier 3 miles.¹⁵⁰ Based on his proposals, Mr. Borden recommended capital additions of \$24.61 million in 2025 and \$23.45 million in 2026, and \$9.19 million in O&M spending each year.¹⁵¹
141. In a letter filed in this docket on December 12, 2025, Xcel stated: “For purpose of this case, and in the interest of narrowing contested issues, we agree the overall costs for the larger-scale wildfire programs presented in the Department’s Direct Testimony and Surrebuttal Testimony are reasonable for inclusion in the 2025 test year and 2026 plan year.”¹⁵²
142. Joint Intervenors likewise supported Mr. Borden’s recommendation to implement larger-scale wildfire mitigation programs in highest-risk (Tier 3) areas.¹⁵³

Recommendation

143. The Commission should adopt the overall wildfire mitigation costs recommended by Department witness Borden and his related recommendation that Xcel focus its initial wildfire mitigation efforts on Tier 3 areas, to which Xcel has agreed.

¹⁴⁸ Ex. Xcel-79 at 7.

¹⁴⁹ Ex. JIN-1 at 15-23; *see also* Ex. JIN-4 at 18-22.

¹⁵⁰ Ex. DOC-9 at 4-5; Ex. DOC-10 at 29.

¹⁵¹ Ex. DOC-9 at 6; Ex. DOC-10 at 30.

¹⁵² Ex. Xcel-95.

¹⁵³ Ex. JIN-4 at 21.

B. Expense or Rate Base Issues – Distribution Capacity Investments

Findings of Fact

144. Xcel proposed an increase in Discrete Capacity Project spending of about \$70 million over 2025-26.¹⁵⁴ The Company specified twelve large projects in the MYRP timeframe, nine of which place additions in service in 2026.¹⁵⁵ For each project, the Company provided a brief description that indicated growth or contingency mitigation needs and timing.¹⁵⁶
145. Joint Intervenors initially opposed this spending, stating that additional non-wires screening and least-cost analysis were required to justify the surge in 2026 spending.¹⁵⁷
146. In rebuttal testimony, Xcel further described its process for developing Discrete Capacity Projects and its review of alternatives.¹⁵⁸
147. Based on the Xcel’s testimony and upon further consideration of the record in this case and the Company’s 2023 IDP (Docket No. E002/M-23-452), Joint Intervenors no longer oppose the Company’s proposed discrete capacity project investments.¹⁵⁹

C. Expense or Rate Base Issues – Hosting Capacity

Findings of Fact

148. Xcel initially proposed \$15.2 million in hosting capacity investments, stating: “These investments will address capacity constraints for the interconnection of distributed generation resources. The types of investments in this category will include such things as reinforcing feeder circuits, installing new feeder circuits, and reinforcing substation transformers. The type of investments funded through this program and their prioritization will be addressed under the proactive investment framework detailed in the Commission’s recent Order in the 2023 IDP proceeding.”¹⁶⁰
149. Joint Intervenors opposed Xcel’s proposals related to hosting capacity investments and recommended that the Commission reject these investments pending additional justification.¹⁶¹
150. In rebuttal testimony, Xcel withdrew its proposed \$15.2 million hosting-capacity budget, stating: “When the rate case budget was developed (based on the

¹⁵⁴ Ex. Xcel-34 at 89.

¹⁵⁵ Ex. Xcel-34 at 89-90.

¹⁵⁶ Ex. Xcel-34 at 90-91.

¹⁵⁷ Ex. JIN-1 at 24.

¹⁵⁸ Ex. Xcel-35 at 19-25.

¹⁵⁹ Joint Intervenors Initial Brief at 45-46.

¹⁶⁰ Ex. Xcel-34 at 89, 96-97.

¹⁶¹ Ex. JIN-1 at 23-30, 46.

Company’s July 7, 2024 budget) the Company included capital additions for hosting capacity beginning in 2026 because it was expected that the frameworks being developed in the two dockets referenced above [Docket No. E002/CI-24-318 regarding proactive upgrades and Docket No. E002,E015,E017/CI-24-288 regarding reactive DER cost-sharing] might result in specific projects being identified for implementation in 2026. However, as these dockets are proceeding, the Company now does not expect that they will result in identification of specific projects for implementation in 2026.”¹⁶²

D. Expense or Rate Base Issues – Distribution Communications Infrastructure

Findings of Fact

151. Xcel has proposed to reduce reliance on third-party WAN services by extending Company-owned fiber to distribution substations and creating a private network path. The Company stated that telecom carriers are phasing out legacy analog WAN and replacing it with Ethernet/broadband services that, while high-bandwidth, do not meet the Company’s “acceptable performance requirements” for the applications proposed by the Company; therefore, it wants Company-owned fiber. It budgeted \$9.6 million (2025) and \$10.6 million (2026) for the “Fiber Buildout Program and Projects,” and in some locations would connect Company fiber to a leased fiber segment used solely by the Company.¹⁶³
152. Joint Intervenors initially opposed cost recovery for these investments because, while Xcel explained its motivation, it did not provide quantitative WAN performance targets (e.g., latency, jitter, determinism, failover/availability) against which third-party options could be tested. Without those specs, Joint Intervenors asserted that the Commission cannot evaluate whether alternatives—such as leased dark fiber, carrier Ethernet with strict SLAs, licensed microwave, or private LTE/commercial cellular—could meet needs at lower lifecycle cost or faster deployment.¹⁶⁴
153. In rebuttal testimony, Xcel responded to Joint Intervenors questions and concerns, including by providing additional explanation of the communications functions that fiber would support and clarifying that the Company intends to use fiber primarily for applications requiring high reliability and low latency.¹⁶⁵
154. After reviewing rebuttal testimony, Joint Intervenors concluded that the Company’s testimony “...indicates that the deployment for this rate case is limited to a defined set of substations. Given that narrower scope, and the functions described in rebuttal, the Company’s approach appears to be a reasonable and appropriately targeted deployment of fiber-based communications.”¹⁶⁶ Therefore, Joint

¹⁶² Ex. Xcel-35 at 25.

¹⁶³ Ex. Xcel-34 at 102-03.

¹⁶⁴ Ex. JIN-1 at 26-30.

¹⁶⁵ Ex. Xcel-35 at 27-33.

¹⁶⁶ Ex. JIN-4 at 17-18.

Intervenors no longer oppose the Company's proposed communications infrastructure investments.

Date: February 25, 2026

Respectfully submitted,

/s/ Erica S. McConnell

Erica S. McConnell

Staff Attorney

Bradley D. Klein

Managing Attorney

Environmental Law & Policy Center

35 E. Wacker Drive, Suite 1600

Chicago, IL 60601

(312) 673-6500

emcconnell@elpc.org

bklein@elpc.org

Attorneys for Joint Intervenors