

STATE OF MINNESOTA  
BEFORE THE PUBLIC UTILITIES COMMISSION

Katie Sieben	Chair
Joseph K. Sullivan	Vice-Chair
Valerie Means	Commissioner
Matthew Schuerger	Commissioner
John Tuma	Commissioner

In the Matter of the Petition of Northern States  
Power Company d/b/a Xcel Energy for  
Approval of 2021 True-up Mechanisms

MPUC DOCKET NO. E-002/M-20-743

**INITIAL COMMENTS OF THE  
SUBURBAN RATE AUTHORITY**

The Suburban Rate Authority (“SRA”) appreciates the opportunity to respond to the Commission’s requests for Comment issued on April 2, 2021 on the following questions:

1. Does the information contained in Xcel’s March 3, 2021 letter materially change the Commission’s rationale for approving Xcel’s 2021 True-up Proposal? If so, how?
2. Should the Commission reconsider its approval of Xcel’s 2021 True-up Proposal and require Xcel to instead proceed with its rate case?
3. Are there other issues or concerns related to this matter?

The SRA offers its responses below.

**1. Xcel’s Letter from March 3, 2021 does not appear to materially change the Commission’s stated rationale in approving the Stay-Out and True-Ups.**

This Xcel-identified \$43.2 million error is a material amount and is appropriately examined by the Commission. The impact of the interim rate and Sales-True-up was a material consideration of the Commission.<sup>1</sup> The Xcel-revised interim rate request narrows the gap between the Sales

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<sup>1</sup> See *In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy for Approval of 2021 True-up Mechanisms*, MPUC Docket No. E-002/M-20-743, Order Approving True-ups with Modifications and Requiring Xcel to Withdraw its Notice of Change in Rates and Interim Rate Petition at 13 (Apr. 2, 2021).

True-up and the proposed interim rate increase. The True ups, however, remained smaller and less immediate than a January 1, 2021 interim rate increase paid by all ratepayers, importantly including the ratepayers most vulnerable to the effects of the Pandemic. To that point, the Commission was heavily influenced by the effect of a rate case/Stay-Out on those ratepayers most financially exposed to the continuing effects of the Pandemic. In its Order adopting the Stay-Out, the Commission found the multiple Xcel-proposed contribution measures to the Stay-Out to be “substantial” mitigation to ratepayers, especially those most impacted by the Pandemic.<sup>2</sup>

These mitigating features of the Stay-Out remain unchanged by Xcel’s error. Thus, while the Xcel error reduced the magnitude of the difference between a likely interim rate and Sales True-up impact, it did not flip or reverse any of the factors the Commission highlighted in its Order. Accordingly, factoring in this large error does not appear to have materially altered the Commission’s basis for approving the Stay-Out. That determination of course is ultimately for the Commission to make.

The SRA supported and continues to support the Stay-out due to in substantial part to the relief granted to residential customers, the extension of the LED/streetlighting settlement terms, and a 2021 Sales True-up for Other Sales to Public Authorities (OSPA) as a separate class.<sup>3,4</sup> The calculation error disclosed by Xcel does not alter SRA’s original rationale for supporting the Stay-out and True-ups.

The gap between the Xcel estimates or estimates and actual results, however, is a matter of concern. XLI asserts that it is likely that Xcel’s final 2021 True-up calculations will be significantly

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<sup>2</sup> MPUC Docket No. E-002/M-20-743, Order Approving True-ups with Modifications and Requiring Xcel to Withdraw its Notice of Change in Rates and Interim Rate Petition at 13 and 14 (Apr. 2, 2021).

<sup>3</sup> *In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Electric Service in the State of Minnesota*, MPUC Docket No. E-002/GR-20-723, SRA Reply Comments (Nov. 17, 2020).

<sup>4</sup> MPUC Docket No. E-002/GR-20-723, Xcel Letter (Dec. 15, 2020).

higher than projected based on recent experience with the 2020 Sales True-up.<sup>5,6</sup> They project that the reduction in the delta between the Sales True-up and the Interim rate adjustment “*increases the likelihood that the final sales true-up will be a nonrefundable sum of nearly the same value as the projected interim-rate increase.*” The difference in actual versus projected values for the 2020 Sales True-up was approved in December 2019 as part of the Stay-out decision in Docket No. GR-19-564/M-19-688 and could not have anticipated the impact of the Pandemic at that time. That discrepancy standing alone does not warrant relitigating the Stay-out and True-ups approved in the instant proceeding.

At the present time there are only three complete billing months for 2021 and therefore an incomplete dataset to determine the likelihood of another significant forecast miss for Sales True-up amounts. The Sales True-up projections for 2021 are not likely to be subject to an impact as significant as the Pandemic, which impacted customer loads in unanticipated ways. Nonetheless, the SRA believes it would be helpful to Xcel to respond in reply comments with sales values by customer class through April 2021 along with an updated forecast of the expected 2021 Sales True-up to address XLI’s identified concerns, which the SRA shares.

**2. Refiling the Rate Case Would Result in Perhaps only a Three-Month Acceleration of the Anticipated November 1, 2021 Rate Filing.**

Although Xcel’s filing from November 2020 is complete, enough time has passed that many of the workpapers will need to be updated to reflect new test year information such as current levels of sales, customer counts, capital additions, O&M expense, etc. As a result, even a refresh of the November 2020 filing will take Xcel at least a few weeks to turn around.

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<sup>5</sup> MPUC Docket No. GR-20-723, Xcel Large Industrials Comment Letter (Mar. 8, 2021).

<sup>6</sup> *In the Matter of the Petition of Northern States Power Company, d/b/a Xcel Energy, for Approval of True-up Mechanisms*, MPUC Docket No. E-002/M-19-688, Xcel Large Industrials Comment Letter at 1-3 (Mar. 1, 2021).

If the Commission were to issue an order before the end of May (following reply comments, a hearing and written order) that requires a rate case, it is likely that Xcel would need at least 6-8 weeks to prepare a revised rate case filing. Under this scheduling assumption, Xcel may be able to update a rate filing by late July. All stakeholders expect Xcel to file a rate case by November 1, 2021. If the Commission were to compel Xcel to proceed with a rate case, the timeline would seem to accelerate a rate case filing by three months, or even less at this point.

**3. Other Issues: The Structure of the Sales True-up mechanism should be examined in the next rate case.**

Many large demand customers are major employers in SRA communities and maintaining their competitiveness is an important priority. The 2020 Sales True-up values will result in a surcharge of \$0.00878/kWh for large demand customers.<sup>7</sup> While this value was calculated using a pre-approved mechanism and in accordance with Commission approved orders, the magnitude of the result is concerning. The SRA will be interested in comments from the parties on the Sales True-up, its review in the next rate case and possible guardrails to protect affected customer classes.

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<sup>7</sup> MPUC Docket No. E-002/M-19-688, Xcel 2020 Sales and Related Revenue Calculations Compliance – True-Up Mechanisms, Table 5 (Feb. 16, 2021).

Respectfully submitted,

Dated: April 22, 2021

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Dated: April 22, 2021

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