



414 Nicollet Mall  
Minneapolis, MN 55401

May 1, 2020

—Via Electronic Filing—

Will Seuffert  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101

RE: REPLY COMMENTS  
2018-2019 ANNUAL AUTOMATIC ADJUSTMENT OF CHARGES REPORT - ELECTRIC  
DOCKET NO. E999/AA-20-171

Dear Mr. Seuffert:

Northern States Power Company, doing business as Xcel Energy, submits this Reply to the April 15, 2020 Comments of the Minnesota Department of Commerce, Division of Energy Resources in the above-referenced docket.

We have electronically filed this document with the Minnesota Public Utilities Commission, and copies have been served on the parties on the attached service list.

Please contact Rebecca Eilers at [rebecca.d.eilers@xcelenergy.com](mailto:rebecca.d.eilers@xcelenergy.com) or me at [lisa.r.peterson@xcelenergy.com](mailto:lisa.r.peterson@xcelenergy.com) if you have any questions regarding this filing.

Sincerely,

/s/

LISA R. PETERSON  
MANAGER, REGULATORY ANALYSIS

Enclosures  
c: Service List

STATE OF MINNESOTA  
BEFORE THE  
MINNESOTA PUBLIC UTILITIES COMMISSION

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

IN THE MATTER OF NORTHERN STATES  
POWER COMPANY, REVIEW OF 2018-2019  
ANNUAL AUTOMATIC ADJUSTMENT  
REPORT FOR ITS ELECTRIC OPERATION

DOCKET NO. E999/AA-20-171

**REPLY COMMENTS**

**INTRODUCTION**

Northern States Power Company, doing business as Xcel Energy, submits this Reply to the Minnesota Department of Commerce - Division of Energy Resources' April 15, 2020 review of utilities' Annual Automatic Adjustment of Charges (AAA) Report for 2018-2019.

We appreciate the Department's thorough review of the Company's 2018-2019 AAA filing and its recommendation that the Commission accept many of the Company's compliance items. In this Reply, we provide additional information as requested by the Department.

**REPLY COMMENTS**

**A. Renewable Connect**

The Commission's February 27, 2017 Order in Docket No. E002/M-15-985, approving the Company's Renewable\*Connect program, requires the Company to "provide in its Annual Automatic Adjustment reports a separate section discussing the pilot programs' impact on non-participants and the effectiveness of the neutrality charge to address any cost shift between participants and nonparticipants." While we provided such a discussion on our March 30, 2020 Renewable\*Connect annual report (Docket No. E002/M-20-380), we did not include that discussion in our AAA Report. We provide this information below and will include such a discussion in future March 1 annual true-up reports in the annual fuel forecast dockets.

To test the effectiveness of the Company's neutrality charge, the Company reviewed the actual system impact of the resources across the identified categories. As expected, line losses were the most significant impact across the cost categories as illustrated in Table 1 below. Curtailments, on the other hand, were expected to have a larger impact based on experience with other resources. More specifically, the Company expected wind resources would be curtailed more often and solar resources would see minimal curtailments. In 2019, as was the case in 2018 and 2017, the opposite occurred. The program's wind resources were curtailed less than the program's solar resources. Curtailments on program solar resources totaled nearly \$84,000, and \$17,047 were allocated to the program.

To understand the potential impact of the Renewable\*Connect Program on non-participant energy cost, the Company performed an analysis that compared the marginal cost of energy: in this case, on- and off-peak LMP pricing, to the PPA cost of solar and wind resources allocated to Renewable\*Connect consistent with the analysis the Company performed for the prior annual compliance filing. The results continue to directionally indicate that non-participants were not impacted on a cost of energy basis as the cost of the wind and solar energy exceeded the marginal energy cost estimate. Therefore, in 2019 no incremental costs were borne by non-participating customers.

Wind integration cost rates provided in the Company's Dakota Range filing in Docket No. E002/M-17-694 were also used to estimate the cost of the integration of the program's wind resources. The analysis results in an estimate of nearly \$227,000 in wind integration costs for the 2019 reporting period.

**Table 1 – Non-Participants Impact**

|                                       | <b>2019</b> |
|---------------------------------------|-------------|
| <b>Line Losses</b>                    | \$423,679   |
| <b>Solar Curtailments</b>             | \$17,047    |
| <b>Wind Curtailments</b>              | \$10,511    |
| <b>Economic/Balancing</b>             | \$226,988   |
| <b>Total</b>                          | \$678,225   |
|                                       |             |
| <b>Neutrality Payments</b>            | \$884,156   |
|                                       |             |
| <b>Non-Participant Cost/(Benefit)</b> | (\$205,931) |

## **B. MISO Day 2 Costs**

The Department recommended that the Company explain in Reply Comments the increase in October 2018 total net MISO Day 2 costs. The Company's October 2018 MISO Day 2 costs were notably higher than September or November 2018 due to the inclusion of \$2,831,004 in prior period adjustments related to a market-wide resettlement. The resettlement was based on revised meter data between January 26, 2018 and March 31, 2018 where a market participant had originally submitted inaccurate meter data to MISO. The erroneous meter data resulted in hourly credits to NSP's load in the form of residual load adjustments. The resettlement of revised meter data started October 15, 2018 and ended on November 5, 2018. The entire impact was accrued for and recorded in the October 2018 reporting period. The Company reported this MISO resettlement in the Unusual Items Over \$500,000 Report provided as Attachment 6 of the December 2018 Fuel Clause Adjustment (FCA) Report dated November 30, 2018.<sup>1</sup>

## **C. Asset Based Margins**

The Department requested that the Company provide the asset-based margin calculation showing the February 2019 Minnesota Net Portion and identify the monthly FCA in which it was passed back to Minnesota ratepayers. The \$15.293 million reported in the February 2019 AAA filing represents a portion of the total asset based revenues. Cost of Goods Sold expenses are deducted from the total asset based revenue to calculate the total asset based margin. The Minnesota jurisdictional portion credited to Minnesota ratepayers in the April 2019 fuel clause adjustment<sup>2</sup> was \$2,664,801. This amount can be found on Attachment 3, page 1 of that filing.

Please see Table 2 below for additional detail.

---

<sup>1</sup> Docket No. E002/AA-18-747. We note that a revised version of this filing was submitted on December 3, 2018, and so eDockets has noted the report as received on December 3, 2018.

<sup>2</sup> Docket No. E002/AA-19-253

**Table 2: MN Asset-Based Margins, February 2019**

| <b>Minnesota Asset Based Margin Sharing</b>             | <b>(Feb 2019)<br/>\$- millions</b> |
|---|------------------------------------|
| (1) MISO Day 2 and ASM Intersystem Asset Based          | \$15.3                             |
| (2) Non-MISO Asset Based Revenue                        | <u>(\$1.0)</u>                     |
| (3) Total Asset Based Revenue (1)+(2)                   | \$14.3                             |
| (4) Less: Cost of Goods Sold                            | \$9.3                              |
| (5) NSP System Asset Based Margins (3)-(4)              | \$5.0                              |
| (6) Less: Ratepayer Sharing (*)                         | \$3.2                              |
| (7) Less: Other Jurisdictions Specific Adjustments      | <u>\$0.9</u>                       |
| (8) Other Jurisdictions' Pass-Through/Company Retention | <u>\$0.9</u>                       |
| <b>* Ratepayer Sharing Detail</b>                       |                                    |
| Minnesota Jurisdiction                                  | \$3,564,967                        |
| Less: Other Jurisdictions Specific Adjustments          | <u>\$900,166</u>                   |
| Minnesota Net Portion                                   | <b>\$2,664,801</b>                 |
| Other NSP Jurisdictions                                 | <u>\$585,910</u>                   |
| Total NSP Ratepayers Sharing                            | <u><u>\$3,250,711</u></u>          |

## **CONCLUSION**

The Company appreciates this opportunity to submit its Reply to the Department's review of the 2018-2019 Electric AAA Report. Through this Reply, we have provided additional information in response to the questions raised by the Department. We respectfully request that the Commission accept and approve Xcel Energy's 2018-2019 Electric AAA Report as supplemented by this Reply.

Dated: May 1, 2020

Northern States Power Company

## **CERTIFICATE OF SERVICE**

I, Paget Pengelly, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota

xx electronic filing

**DOCKET No. E999/AA-20-171**

Dated this 1<sup>st</sup> day of May 2020

/s/

---

Paget Pengelly  
Regulatory Administrator

| First Name     | Last Name          | Email                             | Company Name                            | Address  | Delivery Method    | View Trade Secret | Service List Name       |
|----------------|--------------------|-----------------------------------|---|--|--------------------|-------------------|-------------------------|
| Christopher    | Anderson           | canderson@allete.com              | Minnesota Power                         | 30 W Superior St<br><br>Duluth,<br>MN<br>558022191                           | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |
| Daniel         | Beckett            | daniel.beckett@state.mn.us        | Department of Commerce                  | 85 7th Pl E<br>#500<br>Saint Paul,<br>Minnesota<br>55101                     | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |
| Peter          | Beithon            | pbeithon@otpc.com                 | Otter Tail Power Company                | P.O. Box 496<br>215 South Cascade Street<br>Fergus Falls,<br>MN<br>565380496 | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |
| Nancy          | Campbell           | Nancy.campbell@state.mn.us        | Department of Commerce                  | 121 Seventh Place<br>East Suite 200<br><br>St. Paul,<br>MN<br>551012145      | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |
| Generic Notice | Commerce Attorneys | commerce.attorneys@ag.state.mn.us | Office of the Attorney General-DOC      | 445 Minnesota Street Suite 1400<br><br>St. Paul,<br>MN<br>55101              | Electronic Service | Yes               | OFF_SL_20-171_AA-20-171 |
| Hillary        | Creurer            | hcreurer@allete.com               | Minnesota Power                         | 30 W Superior St<br><br>Duluth,<br>MN<br>55802                               | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |
| David          | Dahlberg           | davedahlberg@nweco.com            | Northwestern Wisconsin Electric Company | P.O. Box 9<br>104 South Pine Street<br>Grantsburg,<br>WI<br>548400009        | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |
| Sharon         | Ferguson           | sharon.ferguson@state.mn.us       | Department of Commerce                  | 85 7th Place E Ste 280<br><br>Saint Paul,<br>MN<br>551012198                 | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |
| Bruce          | Gerhardson         | bgerhardson@otpc.com              | Otter Tail Power Company                | PO Box 496<br>215 S Cascade St<br>Fergus Falls,<br>MN<br>565380496           | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |
| Todd J.        | Guerrero           | todd.guerrero@kutakrock.com       | Kutak Rock LLP                          | Suite 1750<br>220 South Sixth Street<br>Minneapolis,<br>MN<br>554021425      | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |

| First Name | Last Name        | Email                            | Company Name                | Address  | Delivery Method    | View Trade Secret | Service List Name       |
|------------|------------------|----------------------------------|-----------------------------|--|--------------------|-------------------|-------------------------|
| Matt       | Harris           | matt.b.harris@xcelenergy.com     | XCEL ENERGY                 | 401 Nicollet Mall FL 8<br>Minneapolis,<br>MN<br>55401              | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |
| Corey      | Hintz            | chintz@dakotaelectric.com        | Dakota Electric Association | 4300 220th Street<br>Farmington,<br>MN<br>550249583                | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |
| Mark       | Johnson          | Mark.A.Johnson@state.mn.us       | Department of Commerce      | 85 7th Place East<br>Suite 500<br>St. Paul,<br>MN<br>55101         | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |
| Sarah      | Johnson Phillips | sarah.phillips@stoel.com         | Stoel Rives LLP             | 33 South Sixth Street<br>Suite 4200<br>Minneapolis,<br>MN<br>55402 | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |
| Douglas    | Larson           | dlarson@dakotaelectric.com       | Dakota Electric Association | 4300 220th St W<br>Farmington,<br>MN<br>55024                      | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |
| Amy        | Liberkowski      | amy.a.liberkowski@xcelenergy.com | Xcel Energy                 | 414 Nicollet Mall<br>7th Floor<br>Minneapolis,<br>MN<br>554011993  | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |
| Susan      | Ludwig           | sludwig@mnpower.com              | Minnesota Power             | 30 West Superior Street<br>Duluth,<br>MN<br>55802                  | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |
| David      | Moeller          | dmoeller@allete.com              | Minnesota Power             | 30 W Superior St<br>Duluth,<br>MN<br>558022093                     | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |
| Andrew     | Moratzka         | andrew.moratzka@stoel.com        | Stoel Rives LLP             | 33 South Sixth St Ste 4200<br>Minneapolis,<br>MN<br>55402          | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |
| Samir      | Ouanes           | samir.ouanes@state.mn.us         | Department of Commerce      | 85 7th Place East, Suite 500<br>St Paul,<br>MN<br>55101            | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |



| First Name     | Last Name                      | Email                                | Company Name                       | Address  | Delivery Method    | View Trade Secret | Service List Name       |
|----------------|--------------------------------|--------------------------------------|------------------------------------|--|--------------------|-------------------|-------------------------|
| David G.       | Prazak                         | dprazak@otpc.com                     | Otter Tail Power Company           | P.O. Box 496<br>215 South Cascade Street<br>Fergus Falls,<br>MN<br>565380496 | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |
| Stephen        | Rakow                          | stephen.rakow@state.mn.us            | Department of Commerce             | Suite 280<br>85 Seventh Place East<br>St. Paul,<br>MN<br>551012198           | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |
| Generic Notice | Residential Utilities Division | residential.utilities@ag.state.mn.us | Office of the Attorney General-RUD | 1400 BRM Tower<br>445 Minnesota St<br>St. Paul,<br>MN<br>551012131           | Electronic Service | Yes               | OFF_SL_20-171_AA-20-171 |
| Will           | Seuffert                       | Will.Seuffert@state.mn.us            | Public Utilities Commission        | 121 7th PI E Ste 350<br><br>Saint Paul,<br>MN<br>55101                       | Electronic Service | Yes               | OFF_SL_20-171_AA-20-171 |
| Cary           | Stephenson                     | cStephenson@otpc.com                 | Otter Tail Power Company           | 215 South Cascade Street<br><br>Fergus Falls,<br>MN<br>56537                 | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |
| Lynnette       | Sweet                          | Regulatory.records@xcelenergy.com    | Xcel Energy                        | 414 Nicollet Mall FL 7<br><br>Minneapolis,<br>MN<br>554011993                | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |
| Stuart         | Tommerdahl                     | stommerdahl@otpc.com                 | Otter Tail Power Company           | 215 S Cascade St<br>PO Box 496<br>Fergus Falls,<br>MN<br>56537               | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |
| Robyn          | Woeste                         | robynwoeste@alliantenergy.com        | Interstate Power and Light Company | 200 First St SE<br><br>Cedar Rapids,<br>IA<br>52401                          | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |
| Michael        | Zajicek                        | Michael.Zajicek@state.mn.us          | Department of Commerce             | 85 East Seventh Place<br>Suite 500<br>St. Paul,<br>Minnesota<br>55101        | Electronic Service | No                | OFF_SL_20-171_AA-20-171 |