

## Addendum to the Staff Briefing Papers (February 4, 2020)

Meeting Date	February 6, 2020	Agenda Item 5*
Company	Northern States Power Company d/b/a Xcel Energy	
Docket No.	<b>E002/GR-12-961</b> In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Electric Service in the State of Minnesota	
Issues	<ol style="list-style-type: none"><li>1. Should the Commission accept Northern States Power's (Xcel's) Business Incentive and Sustainability (BIS) Rider Annual Report for 2019?</li><li>2. What action should the Commission take regarding Xcel's proposed clarification of the BIS tariff submitted in Xcel's initial application for a multi-year rate plan, Docket No. E-002/GR-19-564?</li></ol>	
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### Relevant Documents

### Date

Xcel Letter

February 3, 2020

The attached materials are work papers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise

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## Addendum to the Staff Briefing Paper

On February 3, 2020, Xcel filed a letter in response to the Staff briefing paper. In that letter, Xcel indicated that all of the language changes proposed for the Business Incentive and Sustainability (BIS) Rider were noted in the red-lined version of the tariff filed in the rate case, Docket E002/GR-19-564, Volume 2F. Xcel attached the pertinent pages of the redlined BIS Rider to its February 3, 2020 letter.

Staff presented the proposed tariff changes in the briefing paper with the aid of Xcel's pre-filed testimony in the rate case and the existing BIS tariff. Xcel's November 26, 2019 compliance filing in this docket noted that the tariff revisions were proposed in the direct testimony of Mr. Huso in docket 19-564. The direct testimony of Huso deals with BIS issues at pages 27-30.

As Xcel pointed out in the letter, the redlined version of the tariff provides the best clarity and context to the proposed changes.

Xcel has taken particular exception to the explanation given in staff briefing paper regarding its proposal to amend the "Right to Refuse Service" language in the BIS tariff.

This section of the BIS tariff presently reads as follows:

### **RIGHT TO REFUSE SERVICE**

The Company reserves the right to refuse applicants for service under this Rider if it determines that significant additional capital expenditures will be required to provide service to that applicant. In such cases, an applicant may be able to qualify for service by making a non-refundable contribution to compensate for the significant additional capital costs incurred by the Company to supply service to the applicant.

Huso's testimony explained the proposed change as:

Under the Right to Refuse Service heading, the Company proposes to modify the Company's right to refuse service, but retains a customer's ability to get service under the tariff if they contribute to the capital costs necessary to serve them.

Staff's understanding of Xcel's proposed language change was explained in the briefing papers as follows:

Xcel proposes to replace the phrase "non-refundable contribution to compensate for the significant additional capital costs [emphasis supplied]" with language to the effect that the customer can retain the ability to receive BIS service if it "contribute[s] to the capital costs necessary to serve" the customer.

However, in the February 3, 2020 letter, Xcel explained that its proposed changes to the "Right to Refuse Service" "do not seek to omit the reference to a non-refundable contribution." The redlined version of the BIS Rider from the 2019 rate case shows the proposed change as follows:

**RIGHT TO REFUSE SERVICE**

The Company reserves the right to refuse applicants for service under this Rider. ~~When the Company if it determines that significant additional capital expenditures will be required to provide service to that applicant, in such cases,~~ an applicant may be able to qualify for service by making a non-refundable contribution to compensate for the significant additional capital costs incurred by the Company to supply service to the applicant.

In light of this clarification, Decision Alternative 6 should be restated as is shown in the above paragraph (shown in Decision Alternative 6.A. below).

Xcel noted that it had no objection to Decision Alternative 3, “under which we would make a miscellaneous tariff filing for these tariff changes and talk with the Commission about the substance of our proposed changes at a hearing at some point in the future.”

Staff recommends that the Commission consider adopting Decision Alternatives 1, 3, and 12 (as revised below). The proposed tariff language changes are not urgently needed by Xcel and alternative 3 would give the Department (and other parties) an opportunity to comment in writing on Xcel’s proposed changes to the BIS Rider.

**Decision Alternatives****Should the Commission accept Northern States Power’s (Xcel’s) Business Incentive and Sustainability (BIS) Rider Annual Report for 2019?**

1. Accept Xcel’s 2019 BIS Rider Annual Report, or
2. Take no action.

**What action should the Commission take regarding Xcel’s proposed clarification of the BIS tariff submitted in Xcel’s initial application for a multi-year rate plan, Docket No. E-002/GR-19-564?****Multiple Delivery Points**

(**Staff Note:** Regarding Option 3, the Commission may direct Xcel to file its BIS-related clarification in a new docket, rather than proceed with Xcel’s filing in the rate case. If the Commission adopts Option 3, the next decision option to consider is Option 12 below.)

3. Direct Xcel to propose language at an appropriate place in the BIS tariff to the effect that a demand discount applies at multiple delivery points provided each delivery point independently qualifies, and provided that the delivery point is not already receiving BIS service. Also, direct Xcel to make whatever other clarifications it deems appropriate or relevant;

or

4. Authorize Xcel to submit a compliance filing in this docket with the following Multiple Delivery Point language change at Sheet No. 139 of Section 5 in the BIS tariff:

replace the phrase “at a single delivery point” with “at any single delivery point.”

or

5. Take no action.

#### **Revision of Language Regarding Right to Refuse Service**

6. Authorize Xcel to replace the phrase “non-refundable contribution to compensate for the significant additional capital costs,” at page 140 of the BIS tariff, with language to the effect that the customer can retain the ability to receive BIS service if the customer contributes to the capital costs necessary to serve the customer. or

#### **6. A.**

The Company reserves the right to refuse applicants for service under this Rider. When the Company ~~if it~~ determines that significant additional capital expenditures will be required to provide service to that applicant, ~~in such cases,~~ an applicant may be able to qualify for service by making a non-refundable contribution to compensate for the significant additional capital costs incurred by the Company to supply service to the applicant.

7. Take no action.

#### **Deletion of the Word Stimulation under the Electric Service Agreement Heading**

8. Under the heading Electric Service Agreement, page 140 of BIS tariff, authorize Xcel to delete the word “Stimulation.” or

9. Take no action.

#### **Should Xcel submit a compliance in this docket?**

10. Direct Xcel to submit a compliance filing within 10 days of the Commission issuing its order in this docket that incorporates the authorized changes above, or

11. Take no action.

#### **Should future Xcel BIS Rider filing be submitted under a new docket number ~~every year~~?**

12. Direct Xcel to submit each new BIS Rider contract and each new annual BIS Rider compliance report under a new docket number ~~for each year~~, or

13. Take no action.