


## Staff Briefing Papers

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| <b>Meeting Date</b> | <b>October 31, 2024</b>  | <b>Agenda Item 2*</b>                      |
| <b>Company</b>      | Minnesota Power, Otter Tail Power Co., Northern States Power Co. d/b/a Xcel Energy   |  |
| <b>Docket No.</b>   | <b>E015/M-24-48</b><br><b>In the Matter of Minnesota Power’s 2023 Conservation Improvement Program Consolidated Filing</b><br><br><b>E017/M-24-49</b><br><b>In the Matter of Otter Tail Power Co.’s Annual Filing to Update the Conservation Improvement Project Rider</b><br><br><b>E-002/M-24-50</b><br><b>In the Matter of Xcel Energy’s 2024/2025 Electric CIP Adjustment Factor</b> |  |
| <b>Issues</b>       | Should the Commission approve the electric utilities’ proposed 2023 CIP Trucker balance?<br>Should the Commission approve the electric utilities’ proposed CIP Demand Side Management Financial Incentives?<br>Should the Commission approve the electric utilities’ proposed Conservation Cost Recovery Adjustment Factor?  |  |
| <b>Staff</b>        | Yunpei Zhang   | yunpei.zhang@state.mn.us      651-539-1061 |

|  <b>Relevant Documents</b> | <b>Date</b>   |
|---|---------------|
| Compliance Filing – Minnesota Power   | April 1, 2024 |
| Comments - Department   | July 2, 2024  |
| Reply Comments – Minnesota Power  | July 22, 2024 |
| Initial Filing – Otter Tail Power   | April 1, 2024 |
| Comments - Department   | July 2, 2024  |

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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.

✓ **Relevant Documents**

Reply Comments – Otter Tail Power

**Date**

July 17, 2024

Initial Filing – Xcel Energy

April 1, 2024

Comments - Department

June 28, 2024

Reply Comments – Xcel Energy

July 18, 2024

Letter – Xcel Energy

October 10, 2024

## Staff Analysis

Staff would like to provide the following clarification regarding the effective dates proposed in the Conservation Improvement Program (CIP) Tracker account filings for electric utilities. These filings will be discussed at the agenda meeting scheduled for October 31, 2024. In the filings, the utilities have proposed differing effective dates.

| Utility          | Proposed Effective Date                                       |
|------------------|---|
| Minnesota Power  | First billing cycle in the next full month following approval |
| Otter Tail Power | October 1, 2024   |
| Xcel Energy      | First month the CIP Adjustment Factor takes effect            |

Among these dates, Otter Tail Power proposed an effective date earlier than October 31, 2024. So, in the decision options below Staff recommends that all effective dates should be consistent and set for the first billing cycle after Commission approval for all electric utilities. This approach simplifies implementation and minimizes confusion for both utilities and customers.

## Decision Options

### Minnesota Power

1. Approve Minnesota Power's 2023 CIP tracker account with a December 31, 2023 tracker balance \$477,245. (Minnesota Power, Department)
2. Approve a 2024/2025 Conservation Program Adjustment of \$0.001444 per kWh, to be effective on the first billing cycle in the next full month after Commission approval. (Minnesota Power, Department)
  - a. Effective on the first billing cycle in the month following the Commission's Order. (Staff)
3. Approve a DSM financial incentive of \$2,190,843 for Minnesota Power's 2023 CIP achievements, to be included in the Company's CIP tracker account no sooner than the issue date of the Commission's Order in the present docket. (Minnesota Power, Department)
4. Require Minnesota Power to submit a compliance filing, within 10 days of the issue date of the Order in the present docket, with revised tariff sheets reflecting the Commission's determinations in this matter. (Minnesota Power, Department)
5. Approve a monthly Carrying Charge rate of 0.7292 percent for the CIP tracker. (Minnesota Power)

**Otter Tail Power**

6. Approve a Demand Side Management (DSM) financial incentive of \$2,705,283. (Otter Tail Power, Department)
7. Approve proposed recoveries and expenditures in the Otter Tail Power's CIP tracker account during 2023 resulting in a year-end 2023 balance of (\$3,321,343). (Otter Tail Power, Department)
8. Approve a 2023/2024 Conservation Cost Recovery Adjustment (CCRS) of \$0.00555 per kWh to be effective October 1, 2024, or the first months after Commission approval, as well as the individual class rate factors, should the Commission deem this approval necessary. (Otter Tail Power, Department)
  - a. Effective on the first billing cycle in the month following the Commission's Order. (Staff)
9. Grant Otter Tail Power a variance to Minnesota Rules part 7820.3500 (K) for one year after the issue date of the Commission's Order. (Otter Tail Power, Department)
10. Approve Otter Tail Power's proposed changes to its tariff sheets. (Otter Tail Power, Department)
11. Require Otter Tail Power to submit a compliance filing, within 10 days of the issue date of the Order, with revised tariff sheets reflecting the Commission's determinations in this matter. (Otter Tail Power, Department)

**Xcel Energy**

12. Approve Xcel Energy's electric Shared Savings DSM financial incentive of \$26,478,641. (Xcel Energy, Department)
13. Approve Xcel Energy's electric CIP Tracker Account, as filed on April 1, 2024, with an ending balance of (\$22,036,468). (Xcel Energy, Department)
14. Approve Xcel Energy's proposed bill message, effective the first month the \$(0.000389) electric CIP Adjustment Factor takes effect, revised as necessary to incorporate the approved CAF and effective date, that reads as follows:
  - Effective December 1, 2024, the Resource Adjustment line item on your bill has reduced due to a change in the Conservation Improvement Program (CIP) factor. The electric CIP portion of the Resource Adjustment is (\$0.000389) per kilowatthour (kWh). (Xcel Energy, Department)
  - a. Effective on the first billing cycle in the month following the Commission's Order. (Staff)

15. Require Xcel Energy to submit a compliance filing with tariff sheets and all necessary calculations within 10 days of the issue date of the Order. (Xcel Energy, Department)