

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

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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/GR-24-321
CAH DOCKET NO. 28-2500-40515

INITIAL BRIEF OF JOINT INTERVENORS

January 28, 2026

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I. INTRODUCTION

In this case, Northern States Power Company d/b/a Xcel Energy (“Xcel,” “Xcel Energy,” or “the Company”) initially proposed to raise its rates over the Multi-Year Rate Period (MYRP) by \$473.6 million, which it reduced to \$365.3 million in rebuttal testimony.¹ As in its initial filing, the Company continues to propose a return on equity (ROE) of 10.30%, significantly higher than its current 9.25%.² The Company makes this proposal at a time of escalating disconnections, as its customers face ongoing affordability concerns. For example, Citizens Utility Board of Minnesota (CUB) witness Annie Levenson-Falk, citing a poll by the U.S. Census Bureau, stated that, “in the second half of 2024, an estimated 59 percent of Minnesota households experienced difficulty paying for usual household expenses. That statistic rose to 68 percent for households earning less than \$75,000 each year.”³ Joint Intervenors witness Dr. Gabriel Chan showed that 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.⁴

Joint Intervenors engaged in this case with three related goals: advancing equity and energy justice; ensuring affordability; and optimizing access to and use of clean distributed energy resources (DERs) on the distribution system. Improving clean DER access is critical to enabling a more just, equitable, and resilient electric system, with opportunities for communities to build local wealth and jobs through DER ownership. Moreover, over the longer-term, optimizing use of DERs on the system can drive down costs for all ratepayers and promote affordability. Joint Intervenors’ participation in this case builds on Just Solar Coalition’s intervention in Xcel’s prior rate case,

¹ Ex. Xcel-19 at 33.

² Ex. Xcel-25 at 6.

³ Ex. CUB-3 at 6.

⁴ Ex. JIN-2 at 5.

Docket No. E-002/GR-21-630,⁵ and our organizations’ engagement in other related proceedings at the Commission, including Xcel’s Integrated Resource Plan (IRP), Integrated Distribution Plan (IDP), and Safety, Reliability, and Service Quality (SRSQ) dockets.

In Xcel’s prior rate case, the Commission “recognize[d] the importance of Energy Justice tenets as recommended in its proceedings, including general rate cases” and found that Energy Justice tenets were “relevant to setting rates” in that rate case proceeding.⁶ The tenets of Energy Justice are likewise relevant in this rate case proceeding. As in the prior case, Joint Intervenors seek to continue to center energy justice and energy affordability here. Joint Intervenors propose certain studies and rates intended to protect consumers and promote the public interest. Specifically, Joint Intervenors propose a process to establish a universal low-income rate under the same legal authority the Commission has used to advance affordability in previous proceedings. Joint Intervenors also recommend that Xcel integrate equity considerations into its distribution planning and investment decisions, drawing on examples from utilities in other states. In addition, Joint Intervenors make specific recommendations related to wildfire mitigation, distribution investments, data centers and other large load customers, and virtual power plants, all intended to advance clean distributed energy resources and transparent planning processes, while still protecting affordability and promoting equity. Section VIII provides a summary of Joint Intervenors’ specific recommendations.

⁵ In this case, Joint Intervenors are: Cooperative Energy Futures; Environmental Law & Policy Center; Minnesota Interfaith Power & Light; and Vote Solar (jointly represented by Environmental Law & Policy Center). In Xcel’s prior rate case, Just Solar Coalition was: Community Power; Cooperative Energy Futures; Minnesota Interfaith Power & Light; and Vote Solar (also jointly represented by Environmental Law & Policy Center).

⁶ *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 139, 164, Order ¶ 121 (July 17, 2023) (“2023 Rate Case Order”).

II. LEGAL STANDARD

A. Xcel Bears the Burden of Proof to Show That Its Proposals Are Equitable, Just, Reasonable, and in the Public Interest.

Xcel has the burden to prove by a preponderance of the evidence that its request to increase rates is just and reasonable.⁷ 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.⁸ 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.⁹ 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.”¹⁰

To satisfy its burden, Xcel must show that the evidence submitted justifies its request “when considered with the Commission’s statutory responsibility to enforce the state’s public policy that retail consumers of utility services shall be furnished such services at reasonable rates.”¹¹ 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.”¹²

⁷ 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.”).

⁸ Minn. Stat. § 216B.03.

⁹ Minn. Stat. § 216C.05.

¹⁰ Minn. Stat. § 216B.16, Subd. 15(a).

¹¹ *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)).

¹² *Pet. of N. States Power Co.*, 416 N.W.2d at 722–23.

Even if the Commission does not find Joint Intervenors or other intervenors persuasive on a particular issue, Xcel must nonetheless justify its request as just and reasonable based on the evidence provided.¹³ If Xcel does not meet this burden for any portion of its request, then the Commission must deny its request. Minnesota law is clear that “[a]ny doubt as to reasonableness should be resolved in favor of the consumer....”¹⁴

III. EQUITY, ENERGY JUSTICE, AND AFFORDABILITY

The current rate case comes at a time of ongoing affordability challenges for customers and escalating disconnections. Several witnesses discussed “energy burden”—the ratio of a household’s energy costs to its gross income—in the context of understanding energy affordability.¹⁵ As CUB witness Annie Levenson-Falk explained, energy costs include not just electricity costs, but all energy costs combined, excluding transportation.¹⁶ Ms. Levenson-Falk also emphasized that “other factors must be considered in tandem with energy burden to paint an accurate picture of utility affordability. There may be other expenses or obligations that reduce a household’s ability to pay. For example, as household size increases, so do expenses for food, clothing, and other necessary expenditures. Medications, rent, taxes, and debt payments are all similar forms of non-discretionary spending that could reduce the amount of income that is available to spend on utilities.”¹⁷ Office of the Attorney General (OAG) witness Katherine Hinderlie 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, respectively, from July 2023 to July 2024—but also food, whose CPI increased 2.2. percent.¹⁸

¹³ *Id.* at 723.

¹⁴ Minn. Stat. § 216B.03.

¹⁵ *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.

¹⁶ Ex. CUB-3 at 5-6.

¹⁷ Ex. CUB-3 at 6.

¹⁸ Ex. OAG-1 at 27.

OAG witness Dr. Helen Scharber characterized the Company’s low-income residential customers in particular as “facing unacceptable energy burdens.”¹⁹ Company witnesses also recognized these affordability challenges. For example, Company witness Nora C. Lindgren stated that inflationary pricing for necessities, groceries, and housing has continued since the COVID-19 pandemic and “continues to present challenges for customers around energy affordability.”²⁰

As Joint Intervenors witness Dr. Gabriel Chan described in testimony and as shown in his Figure 1 below, in the context of these persistent affordability challenges, Xcel’s disconnections have also reached record levels since the Company’s previous rate case, decided in 2023.²¹ 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.²²

¹⁹ Ex. OAG-8 at 40.

²⁰ Ex. Xcel-38 at 34.

²¹ Ex. JIN-2 at 4-7.

²² Ex. JIN-2 at 5.

Involuntarily residential disconnections far exceeded any previous year of the last two decades in 2024 and 2025, including in cold-weather rule months

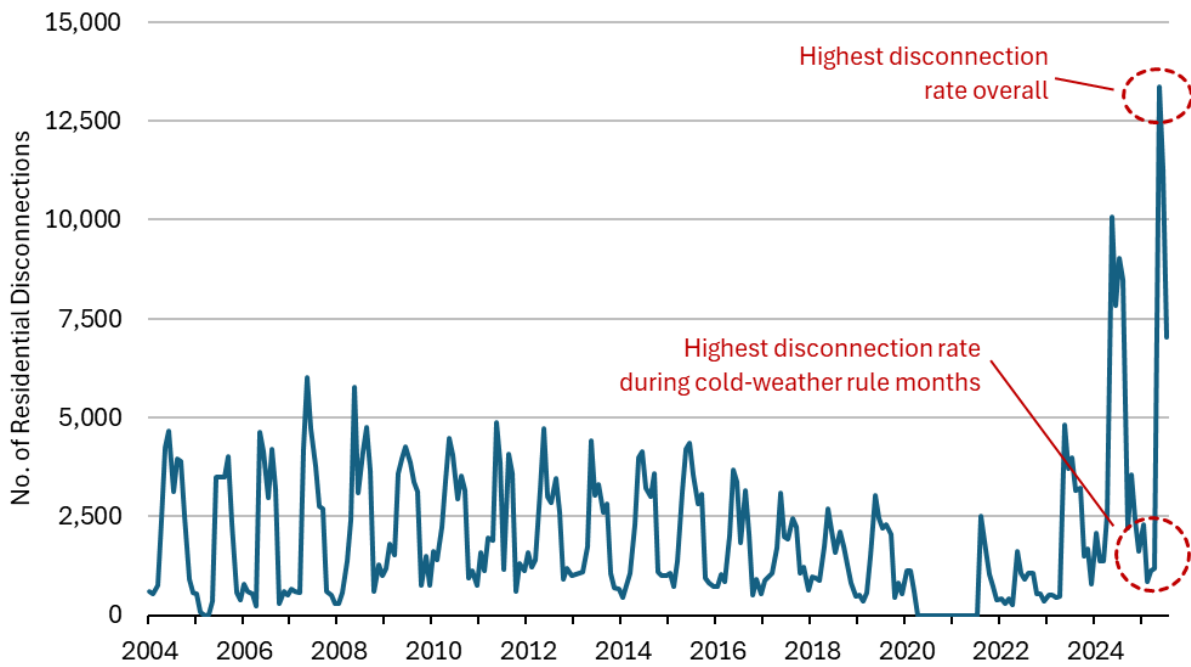


Figure 1. Trends in residential disconnections due to non-payment from 2004-2025. Data from YR-2 filings and annual service quality filings.²³

Not only are disconnections dramatically increasing year-over-year, but multiple studies—by 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.²⁴ 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).”²⁵ Moreover, disconnections compound other grid disparities. As Dr. Chan explained in his testimony, “[w]hen

²³ Ex. JIN-2 at 5.

²⁴ Ex. JIN-2 at 5-7.

²⁵ 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.).

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.”²⁶ These may include dangerous home-heating practices, dealing with spoiled food, and disruption of a households childcare, education, and employment.²⁷

Several other parties highlighted the Company’s increasing disconnections and associated negative impacts on customers. For example, Energy Cents Coalition (ECC) witness George Shardlow stated, after reviewing recent disconnection statistics: “These figures underscore that disconnections are not marginal or rare events, but a recurring risk for thousands of households across the calendar year.”²⁸ Mr. Shardlow later stated: “Nearly one in seven Xcel residential customers entered 2025 already behind on their bills, carrying balances that both signal financial distress and increase their risk of disconnection in the months ahead.”²⁹ Similarly, OAG witness Katherine Hinderlie stated: “The spike in Xcel’s disconnections is particularly troubling and shows that for many ratepayers, Xcel’s continued rate increases along with inflation and other economic pressures have reached a breaking point.”³⁰ CUB witness Levenson-Falk characterized the increase in disconnections as “astonishing.”³¹ Ms. Levenson-Falk stated: “Xcel involuntarily terminated service to more households in 2024 than in any other year in recent history. The comparison is not even close.”³²

In this context, the Commission’s statutory obligations to set just and reasonable rates and consider customers’ ability to pay are all the more critical. In the subsections below, Joint

²⁶ Ex. JIN-2 at 10.

²⁷ 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).

²⁸ Ex. ECC-1 at 4.

²⁹ Ex. ECC-1 at 4.

³⁰ Ex. OAG-1 at 32.

³¹ Ex. CUB-3 at 10.

³² Ex. CUB-3 at 11.

Intervenors make several recommendations intended to ensure energy justice, energy affordability, and energy insecurity receive appropriately close attention at the Commission, and to establish studies and rates that directly address the ongoing affordability and disconnection crises, to protect consumers and promote the public interest. Joint Intervenors also recommend integration of equity considerations into distribution planning and investments. In the sections that follow, Joint Intervenors then make specific recommendations related to wildfire mitigation, distribution investments, data centers and large load customers, and virtual power plants, all intended to advance clean distributed energy resources while being mindful of affordability impacts and promoting equity.

A. The Commission Should Adopt the Initiative for Energy Justice’s Definition of Energy Justice or Alternatively Should Establish a Broader Proceeding to Develop Such a Definition.

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.³³

In its decision, the Commission “recognize[d] the importance of Energy Justice tenets as recommended in its proceedings, including general rate cases.”³⁴ It found that Energy Justice

³³ 2023 Rate Case Order at 137-38.

³⁴ *Id.* at 139.

tenets were “relevant to setting rates” in that rate case proceeding.³⁵ As Dr. Chan stated in testimony in this case, since the legal authority and context for this current proceeding are materially similar to the Company’s previous rate case, the tenets of Energy Justice are also relevant to this proceeding.³⁶

Since the last rate case, as Dr. Chan noted, parties have used the term “energy justice” in 235 filings across 67 dockets, including 5 Commission orders.³⁷ In this case, Company witness Nicholas F. Martin addressed energy justice, and 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.”³⁸ Mr. Martin noted that the Commission has not adopted a formal definition of “energy justice” and the Company does not recommend doing so in this proceeding 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.”³⁹ Mr. Martin 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.”⁴⁰ However, both Mr. Martin and Department of Commerce witness Dr. Donald Hirasuna agreed that 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

³⁵ *Id.* at 164, Order ¶ 121.

³⁶ Ex. JIN-2 at 23.

³⁷ Ex. JIN-2 at 24.

³⁸ Ex. Xcel-70 at 9.

³⁹ Ex. Xcel-70 at 8.

⁴⁰ Ex. Xcel-70 at 8.

groups. Some individuals or communities may need different levels of support to gain equitable service.⁴¹

Both Mr. Martin and Dr. Hirasuna characterized this definition as “adequate for this rate case.”⁴²

Joint Intervenors agree with Company witness Martin that equity and energy justice are relevant to all utilities and other types of cases. For that very reason—the wide-reaching importance of these concepts—along with the value of clarity in discussing these terms, Joint Intervenors recommend that the Commission adopt the definition of energy justice from the Initiative for Energy Justice.⁴³ This definition has been well vetted by a respected national organization focused on this topic.

Alternatively, however, recognizing the concern Mr. Martin raised related to procedural justice in adopting a definition in this single-utility rate case, Joint Intervenors would support Mr. Martin’s recommendation to establish a broader proceeding where all utilities and stakeholders may participate.⁴⁴ However, 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 encourage 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 recommend 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.⁴⁵

⁴¹ Ex. Xcel-70 at 5; Ex. Xcel-71 at 7-8; Ex. DOC-21 at 6-7.

⁴² Ex. DOC-21 at 6-7; Ex. Xcel 71 at 7-8.

⁴³ Ex. JIN-2 at 3, 25.

⁴⁴ Ex. JIN-2 at 3, 25.

⁴⁵ Ex. JIN-2 at 25.

B. The Commission Should Recognize Energy Affordability and Elimination of Energy Insecurity as Being in the Public Interest.

As Dr. Chan explained in testimony, “[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.”⁴⁶ Put differently: “When low-income households are energy insecure, the resulting costs are externalized onto other ratepayers and the public. By contrast, reducing energy insecurity produces broad social returns: it improves community vitality and resilience, reduces health and safety risks, creates a more productive workforce, helps ensure children are safe and well fed, and lowers utility collection costs.”⁴⁷ The Commission’s core obligation to protect the public interest reinforces the idea of promoting energy affordability and eliminating energy insecurity as public goods.

In his testimony, Dr. Chan discussed the 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.⁴⁸ He stated 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.”⁴⁹ Dr. Chan compared these costs to another socially beneficial investment Xcel has proposed: wildfire mitigation. As Dr. Chan stated:

In addition to impacts on ratepayers, wildfires impact society at large: Xcel Energy customers and non-customers alike are at risk of property damage, air quality impacts, higher homeowners’ insurance premiums, and loss of natural spaces if wildfires are not mitigated. These are public benefits that the Commission is weighing against ratepayer costs. In a similar way, the public benefits of universal energy affordability should be weighed against ratepayer costs.⁵⁰

⁴⁶ Ex. JIN-2 at 26.

⁴⁷ Ex. JIN-2 at 26.

⁴⁸ Ex. JIN-2 at 27.

⁴⁹ Ex. JIN-2 at 27.

⁵⁰ Ex. JIN-2 at 29.

For these reasons, Joint Intervenors recommend that the Commission formally recognize universal energy affordability and the elimination of energy insecurity to be in the public interest. As discussed further below with respect to a low-income rate, the Commission should further allow for the costs of guaranteeing universal affordability, when justified, to be allocated to customers broadly based on energy justice principles.⁵¹

C. The Commission Should Establish a Process to Develop a Universal Low-Income Rate.

Dr. Chan demonstrated in his testimony that 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.⁵² As he noted, 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.⁵³ However, across all income-qualified programs, only 69,700 customers participated in one program in 2023.⁵⁴ The Company has also reported that 59,214 of its customers received Federal LIHEAP assistance in 2024.⁵⁵ Dr. Chan explained 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.⁵⁶

Dr. Chan underscored that Xcel's current low-income programs are essential; however, he also emphasized that they are insufficient, especially considering escalating disconnections as discussed above.⁵⁷ The Commission responded to this insufficiency and a desire to reach more customers in Xcel's last rate case when it established the Low-Income Low-Usage (LILU)

⁵¹ Ex. JIN-2 at 3, 29-30.

⁵² Ex. JIN-2 at 30-31.

⁵³ Ex. JIN-2 at 31-32.

⁵⁴ Ex. JIN-2 at 32 (citing Ex. Xcel-38 at 26).

⁵⁵ Ex. JIN-2 at 33 (citing Xcel 2024 Low-Income Program Annual Report at 2).

⁵⁶ Ex. JIN-2 at 33.

⁵⁷ Ex. JIN-2 at 33-34.

discount, now called the Low-Usage Affordability Credit (LUAC). In its Order, the Commission stated: “ECC’s proposed low-income, low-usage discount would provide relief to Xcel’s low-income customers who are less likely to benefit from existing energy-efficiency programs and has the potential to reach more customers through the self-declaration eligibility process.”⁵⁸ 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.”⁵⁹

Dr. Chan recognized that the LUAC program is still in its infancy and stated that, despite lower-than-expected participation to date, it is off to a good start, particularly by automatically enrolling a high-proportion of eligible customers.⁶⁰ Nonetheless, he pointed out 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”⁶¹ because many low-income energy insecure customers do not qualify as low-usage. As Dr. Chan stated, “the evidence of the need for a comprehensive solution, as shown by persistent energy insecurity and the limited reach of existing affordability programs, is overwhelming.”⁶² Furthermore, using the Energy Poverty Policy Simulator (EPPS) tool published by Rocky Mountain Institute (RMI), Dr. Chan estimated:

[I]mplementing 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 savings from avoided arrears. In net, if the full cost of achieving this energy burden goal was recovered only from residential customers above the poverty line, the EPPS

⁵⁸ 2023 Rate Case Order at 123; *see also id.* at 160, ¶ 63.

⁵⁹ *Id.*

⁶⁰ Ex. JIN-2 at 35.

⁶¹ Ex. JIN-2 at 35-36.

⁶² Ex. JIN-2 at 36.

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.⁶³

Therefore, the Joint Intervenors recommend 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.⁶⁴ In doing so, the Commission can 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.⁶⁵

In developing a low-income rate, the Commission would be acting consistently with ratemaking principles and well within its statutory authority, contrary to the Company's arguments. Company witnesses Paluck and Martin 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.⁶⁶ However, Minn. Stat. § 216B.03 also specifically requires rates to be "equitable" in application to a class of customers.⁶⁷ Looking to the Commission's working definition of equity above, which Mr. Martin has accepted for the purposes of this proceeding, it is clear that equitable does not mean "equal." Rather, the definition recognizes: "Some individuals or communities may need different levels of support to gain equitable service." In fact, Mr. Martin underscored this in his rebuttal testimony, albeit separately from his discussion of a low-income rate, stating: "When entrenched societal disparities exist – as ample evidence suggests they do in Minnesota – it may be equitable and in

⁶³ Ex. JIN-5 at 35.

⁶⁴ Ex. JIN-2 at 3, 40-41.

⁶⁵ Ex. JIN-2 at 38-40.

⁶⁶ Ex. Xcel-71 at 60-61; Ex. Xcel-77 at 17.

⁶⁷ Minn. Stat. § 216B.03 ("Rates shall not be unreasonably preferential, unreasonably prejudicial, or discriminatory, but shall be sufficient, equitable, and consistent in application to a class of consumers.") (emphasis added).

the public interest for utilities to provide additional support to customers who are struggling.”⁶⁸ The Company made a similar argument in support of its low-income Automatic Bill Credit pilot program, stating in part: “We believe the proposed Automatic Bill Credit is not ‘unreasonably preferential, unreasonably prejudicial, or discriminatory,’ because it has the effect of addressing past discrimination – not by the Company, but due to systemic and long-term societal inequities that have led to geographic concentration of poverty, older and less efficient housing that increases energy costs, lower incomes, fewer job opportunities, and other disparities in certain identified CBGs [census block groups].”⁶⁹ In his testimony, Dr. Chan demonstrated the reasonableness of a low-income rate to ensure the Company’s rates are equitable and take into account substantial affordability challenges for its low-income customers and the relatively limited reach of the Company’s existing affordability programs.

Moreover, Minn. Stat. § 216B.16 Subd. 15(a) states that the Commission “must consider the ability to pay” in setting rates, which even more clearly supports the Commission’s authority to develop a low-income rate to address these ongoing affordability concerns.⁷⁰ Although this clause is followed by an allowance that the Commission “may establish affordability programs for low-income residential ratepayers,” these “programs” could include discounted rates, as well as other affordability programs, such as bill credit programs like PowerOn or the Automatic Bill Credit pilot. Indeed, the Commission relied on this same statute in adopting LUAC, as noted above, which is a discounted rate and which the Company supports.

⁶⁸ Ex. Xcel-70 at 8.

⁶⁹ Ex. JIN-5 at 31 (quoting *In the Matter of Xcel Energy’s Petition for an Automatic Bill Credit Pilot Program*, Docket No. E-002/M-22-266, E-002/RP-19-368, INITIAL FILING at 23-24).

⁷⁰ Minn. Stat. § 216B.16 Subd. 15(a) (“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.”) (emphasis added).

Even setting aside these explicit statutory mandates and the Company's support for other low-income rates and programs, the Commission has significant discretion in how it may differentiate rates across customers. Courts have affirmed this discretion, such as in *St. Paul Chamber of Commerce v. Minnesota Public Service Commission*, where the Supreme Court stated:

As our previous discussion makes clear, however, rate allocation is not a judicial or quasi-judicial function. Once revenue requirements have been determined it remains to decide how, and from whom, the additional revenue is to be obtained. It is at this point that many countervailing considerations come into play. The commission may then balance factors such as cost of service, ability to pay, tax consequences, and ability to pass on increases in order to achieve a fair and reasonable allocation of the increase among consumer classes. This determination must result in rates which are "just and reasonable" and rates "shall not be unreasonably preferential, unreasonably prejudicial or discriminatory, but shall be sufficient, equitable and consistent in application to a class of consumers." Minn.St. 216B.03. It is clear that when the commission acts in this area it is operating in a legislative capacity, as the above cases have stated. The careful balancing of public policies and private needs is not a matter for the courts, unless statutory authority has been exceeded or discretion abused.

As the Court has made clear, nothing in statute prohibits the Commission from approving differentiated rates or new customer subclasses so long as they are reasonable and sufficiently justified. As discussed above, the Commission could justify a low-income rate under its mandate to consider customer ability to pay under Minn. Stat. § 216B.16, Subd. 15(a) and its obligation to set equitable rates under Minn. Stat. § 216B.03.

Company witnesses also argued that a low-income rate would be contrary to ratemaking principles. Mr. Paluck stated that "the Company cannot support income-based ratemaking as it is not supported by cost causation ratemaking principles."⁷¹ Mr. Martin similarly stated that "strict adherence to the guidance in Minn. Stat. § 216B.03 that rates shall not be unduly preferential, and must be 'consistent in application to a class of customers,' suggests that the Company should only propose different rates for low-income customers if there is evidence they constitute a definable

⁷¹ Ex. Xcel-77 at 16.

sub-class that uniformly costs less to serve.”⁷² The Company draws on these cost-causation arguments and its statutory arguments discussed above to justify its preference for “targeted programs” over discounted rates.⁷³ However, the Company recognized that it offers multiple rates without evidence of a differential cost of service, including specifically the LUAC rate discount.⁷⁴ Moreover, the Company recognized that its proposed expansion of LUAC “does not have a cost-of-service basis.”⁷⁵ In addition, the Company offers a Business Incentive and Sustainability (BIS) Rider and Competitive Response Rider (CRR), 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.”⁷⁶ As Dr. Chan explained, the Commission can apply the Company’s rationale for the BIS Rider and CRR to a universal low-income rate: “differentiating residential rates can meaningfully reduce the bad debt expense of utilities, providing a ratepayer benefit to all customers.”⁷⁷ Thus, a low-income rate would not only meet the statutory mandates discussed above but would also be consistent with rate-making principles and existing Company rates and programs.

While Dr. Chan proposed a *process* to discuss the establishment of a universal low-income rate, some witnesses raised various implementation questions and concerns. Dr. Chan clarified in surrebuttal testimony: “It is exactly the need for more evidence of the impact of a universal low-income rate that I have now proposed that the Commission order the development of a process to develop such a rate proposal, which should include a robust estimate of costs and benefits, behavioral impacts, cost allocation, and rate implications of such a rate. The process to study and

⁷² Ex. Xcel-71 at 17.

⁷³ See, e.g., Ex. Xcel-71 at 60-61; Ex. Xcel-77 at 16-17.

⁷⁴ Ex. JIN-5 at 25

⁷⁵ Ex. JIN-5 at 25.

⁷⁶ Ex. JIN-5 at 26.

⁷⁷ Ex. JIN-5 at 26.

develop a universal low-income rate should incorporate the important questions that Department Witness Mr. Schmitz raises in his Rebuttal Testimony as well as the implementation concerns raised by Company Witness Mr. Martin.”⁷⁸

D. The Commission Should Address Ongoing Escalations in the Company’s Rate of Disconnections, Which Xcel Has Not Demonstrated Serve a Public Purpose.

1. The Commission Should Establish a Moratorium on Disconnections Until the Company and Other Stakeholders Can Develop a Record to Show the Benefits of Disconnections Outweigh Their Costs.

As discussed above, Xcel’s disconnections continue to increase dramatically, a concern on its own and one compounded by the racial disparities in disconnections that multiple studies have shown. While the Commission has ample evidence of these concerns, it has no evidence that disconnections effectively serve as a last-resort motivator for customers to pay their utility bills, as Xcel claims,⁷⁹ or provide any other ratepayer benefit. As Dr. Chan explained in testimony and as shown in his Figures 2 and 3 below, “[w]ithin the Company’s service area there is no evidence, as disconnection rates have reached record levels over the past three years, that its disconnection policy has done anything 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.”⁸⁰

⁷⁸ Ex. JIN-5 at 38.

⁷⁹ Ex. Xcel-71 at 22.

⁸⁰ Ex. JIN-2 at 7.

The total residential past due amount has been reduced by 3.2% (\$2.6M) over 3 years while disconnections have far surpassed pre-COVID levels

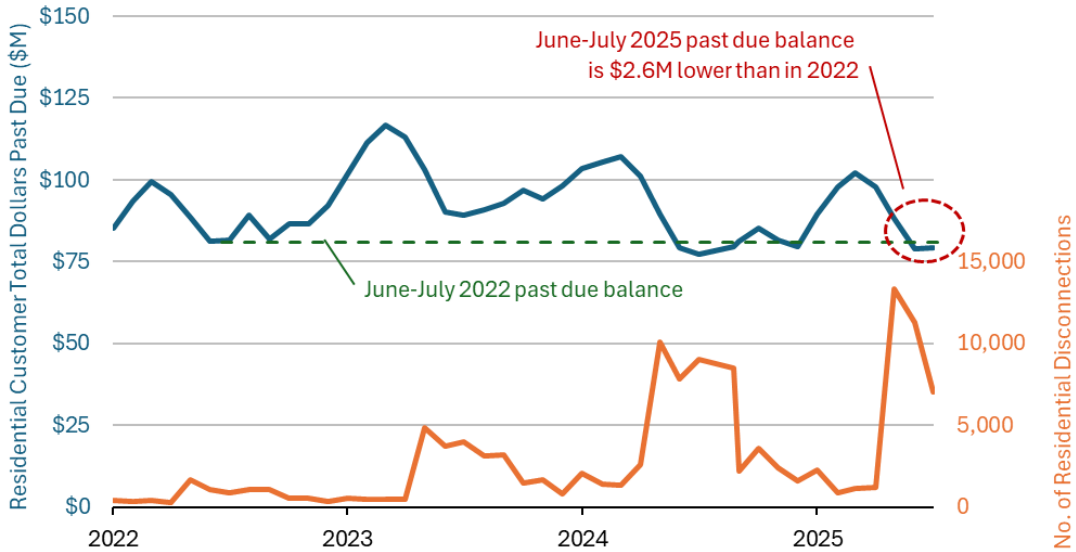


Figure 2. Total residential past due balance (blue line, left axis) and residential disconnections (orange line, right axis) from 2022-2025. Data from YR-2 dockets.⁸¹

There has been effectively no change in the number of customers past due over 3 years while disconnections have far surpassed pre-COVID levels



Figure 3. Number of residential customers with past due balances (blue line, left axis) and residential disconnections (orange line, right axis) from 2022-2025. Data from YR-2 dockets.⁸²

⁸¹ Ex. JIN-2 at 9.

⁸² Ex. JIN-2 at 9.

The Company has attempted to justify disconnections as a means of reducing bad debt expenses that are recovered from other ratepayers. Company witnesses pointed to the disconnection moratorium during the COVID-19 pandemic as evidence that, when it suspends disconnections, bad debt increases.⁸³ As Dr. Chan explained, however, “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.”⁸⁴ When Joint Intervenors requested the Company provide via discovery both quantitative and qualitative evidence of the impact of disconnections on arrears of its customers or of any other utilities outside of the COVID-19 pandemic moratorium on disconnections, none of the evidence provided demonstrated a clear causal relationship between disconnections and public benefits.⁸⁵ In fact, Company witness Martin recognized that arrears appeared “stubborn” despite disconnections and included in his testimony a figure that shows past-due balances remaining flat from 2021 until now even though disconnections have increased substantially.⁸⁶ In sum, Dr. Chan concluded: “The Company presents no evidence establishing the causal effect of disconnections on arrearages. The Company does not demonstrate that disconnecting customers leads to lower arrears, higher payment rates, lower bad-debt expense, or lower ratepayer costs.”⁸⁷

Given the lack of evidence supporting the efficacy of disconnections and the negative and far-reaching impacts of disconnections on customers, Dr. Chan initially recommended “a

⁸³ See, e.g., Ex. Xcel-38 at 35, Ex. Xcel-71 at 21, 48-50.

⁸⁴ Ex. JIN-2 at 8; see also Ex. JIN-5 at 5-7.

⁸⁵ Ex. JIN-5 at 5-7.

⁸⁶ Ex. JIN-5 at 9-11 (referencing Ex. Xcel-71 at 21, 49)

⁸⁷ Ex. JIN-5 at 4.

moratorium on disconnections until the Company and other stakeholders can develop a robust record that the benefits of disconnections outweigh the costs of disconnections.”⁸⁸ Joint Intervenors affirm that recommendation here. In the alternative, as discussed further below, Joint Intervenors recommend the Commission adopt Dr. Chan’s recommendation in his rebuttal testimony: “The Commission should order a robust evaluation of the Company’s disconnection practices compared to alternatives in the form of a randomized control trial. The evaluation should be conducted by a third party and could be complemented with additional outreach and recoverable outreach expenditures.”

2. Alternatively, the Commission Should Require a Randomized Control Trial to Compare Alternatives to Current Disconnection Practices.

In rebuttal testimony, Dr. Chan responded to direct testimony from multiple parties with evidence of Xcel’s record-high levels of disconnections.⁸⁹ Dr. Chan noted: “This pattern raises some central questions: what is the public purpose of disconnections and are there alternatives? To what extent does the current practice of disconnections compare to alternative approaches in terms of aggregate arrears, household wellbeing, community stability, and ratepayer impact?”⁹⁰ Dr. Chan recommended the Commission consider disconnection practices and reforms in parallel with its consideration of rate affordability, which should also help to reduce disconnections.⁹¹ To allow for vigorous evaluation and inform potential changes to the Company’s current disconnection practices—and as an alternative to the moratorium Dr. Chan proposed in direct testimony—he recommended a randomized control trial (RCT).⁹²

⁸⁸ Ex. JIN-2 at 3, 10.

⁸⁹ Ex. JIN-3 at 2.

⁹⁰ Ex. JIN-3 at 2.

⁹¹ Ex. JIN-3 at 4-5.

⁹² Ex. JIN-2 at 2-3.

Dr. Chan explained that an RCT is considered the “‘gold standard’ for causal inference.”⁹³ As discussed above and in Dr. Chan’s testimony, there is currently no 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, which all ratepayers must pay.⁹⁴ An RCT would provide the evidence necessary to make informed decisions about disconnection practices. Dr. Chan explained that several state public utility commissions have authorized RCTs as part of program evaluation and design.⁹⁵ For example, Minnesota Power relied in part on an RCT to develop new rate designs.⁹⁶

In this case, the Commission should authorize a time-limited, third-party RCT to test the impact of disconnection practices. Dr. Chan explained:

By randomly assigning eligible customers either to continue under current procedures or to proceed under alternative procedures that avoid or delay disconnection in some way, the Commission would generate clear causal evidence on whether disconnections meaningfully reduce arrears. This would allow the Commission to ground its future decisions in rigorous data rather than assumptions, ensuring that disconnection practices are both effective and consistent with statutory obligations of just, reasonable, and non-discriminatory service.⁹⁷

Dr. Chan described the study design in detail in his rebuttal testimony.⁹⁸ 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).⁹⁹

⁹³ Ex. JIN-3 at 6.

⁹⁴ Ex. JIN-2 at 7-8; Ex. JIN-3 at 7.

⁹⁵ Ex. JIN-3 at 10-11.

⁹⁶ 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).

⁹⁷ Ex. JIN-3 at 12.

⁹⁸ Ex. JIN-3 at 13-21.

⁹⁹ Ex. JIN-3 at 13-14.

- **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.¹⁰⁰
- **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.¹⁰¹
- **Timeframe:** At least 12 months, up to 24 months.¹⁰²
- **Implementation:** Third party with expertise in conducting RCTs with human subjects, via competitive RFP.¹⁰³
- **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).¹⁰⁴

¹⁰⁰ Ex. JIN-3 at 14-15.

¹⁰¹ Ex. JIN-3 at 15-16.

¹⁰² Ex. JIN-3 at 15.

¹⁰³ Ex. JIN-3 at 16.

¹⁰⁴ Ex. JIN-3 at 16-18.

- **Preliminary Cost Estimate:** \$75,000 (3% of Company’s test-year budget for credit and collections).

Company witness Martin objected to Dr. Chan’s proposal in surrebuttal testimony.¹⁰⁵ He 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.”¹⁰⁶ Mr. Martin argued that Dr. Chan’s proposal would unreasonably advantage customers in treatment groups not subject to current disconnection practices.¹⁰⁷ In addition to this statutory objection, Mr. Martin stated that the proposal would treat Xcel’s customers within a class differently and unequally, which he characterized as unfair.¹⁰⁸

As to advantaging or disadvantaging customers through segmenting them in different treatment groups, Joint Intervenors emphasize that under Dr. Chan’s proposal no customer would be treated worse—that is, more negatively impacted by the Company’s disconnection policy—than the Company currently treats all customers subject to disconnection. In other words, no customer would be disadvantaged. 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. In addition, as Dr. Chan stated in his rebuttal testimony, randomization in the treatment groups prevents arbitrary distinctions among customers, which helps ensure compliance with the prohibition on unreasonable preferences or discrimination.¹⁰⁹ Moreover,

¹⁰⁵ Ex. Xcel-72 at 12-14.

¹⁰⁶ Ex. Xcel-72 at 14.

¹⁰⁷ Ex. Xcel-72 at 14.

¹⁰⁸ Ex. Xcel-72 at 13.

¹⁰⁹ Ex. JIN-3 at 16-18.

although Mr. Martin dismissed Dr. Chan’s proposal for Institutional Review Board oversight,¹¹⁰ this oversight further ensures 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. In response to Mr. Martin’s argument related to fairness, Joint Intervenors note the unfairness of the current disconnection paradigm, which denies low-income customers an essential service without evidence of the efficacy or public benefit of the Company’s current disconnection practices. Dr. Chan’s proposed RCT—although it would treat customers differently in a randomized way within a short-term window—would give the Company and the Commission the necessary evidence to establish fairer and more effective practices for dealing with customer non-payment.

As discussed above, Joint Intervenors continue to recommend a moratorium on disconnections. This is the most immediate way to halt further harm to customers and perpetuation of racial disparities. In the alternative, however, Joint Intervenors recommend an RCT as the best means by which to obtain evidence regarding the efficacy (or lack thereof) of current disconnection practices and to inform development of alternatives.

E. The Commission Should Require the Company to Develop and File an Alternate Rate Proposal in Compliance with Minn. Stat. § 216C.05, Subd. 2 and Should Justify Proposing Rate Increases in Excess of this Alternate Proposal.

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.” 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

¹¹⁰ Ex. Xcel-72 at 14.

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.¹¹¹

The Company addressed this Order Point 77 via a March 31, 2025 compliance filing in Docket No. E002/CI-24-115. Based on its analysis, summarized by Dr. Chan in his testimony,¹¹² 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."¹¹³ As Dr. Chan argued, however, 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 statute; and (3) compared the average rate across classes, rather than the rates for each customer class as required by statute.¹¹⁴ On Point 2 above, although Company witness Paluck characterized this adjustment as "reasonable," he failed to address the fact that most other utilities across the United States implement similar statutorily required programs that are *not* adjusted out of their rates, thus

¹¹¹ 2023 Rate Case Order at 161, Order ¶ 77.

¹¹² Ex. JIN-2 at 12-14.

¹¹³ Ex. JIN-2 at 13 (quoting the Docket No. 24-115 compliance filing).

¹¹⁴ Ex. JIN-2 at 15-17.

creating an apples-to-oranges comparison.¹¹⁵ Multiple Company witnesses also sought to shift attention to customers' average *bills* instead of their *rates*, despite statutory language explicitly denoting the latter.¹¹⁶ Moreover, as Dr. Chan explained and as Mr. Paluck also recognized, bills incorporate usage information.¹¹⁷ "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."¹¹⁸

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.¹¹⁹ In contrast to Xcel's approach, Dr. Chan's analysis provided an apples-to-apples comparison by comparing the Company's unadjusted rates to national averages of unadjusted rates. As shown in his Figures 5 and 6 below, 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.

¹¹⁵ Ex. JIN-5 at 13-14 (referring to Ex. Xcel-77 at 24-25).

¹¹⁶ Ex. JIN-5 at 16-17 (citing: 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.").

¹¹⁷ Ex. JIN-5 at 17 (citing Ex. Xcel-77 at 26-27).

¹¹⁸ Ex. JIN-5.

¹¹⁹ Ex. JIN-2 at 18-20.

All Customer Classes (2024): Xcel Energy's unadjusted average rate is higher than the U.S. average bill and the U.S. average of all retail utilities

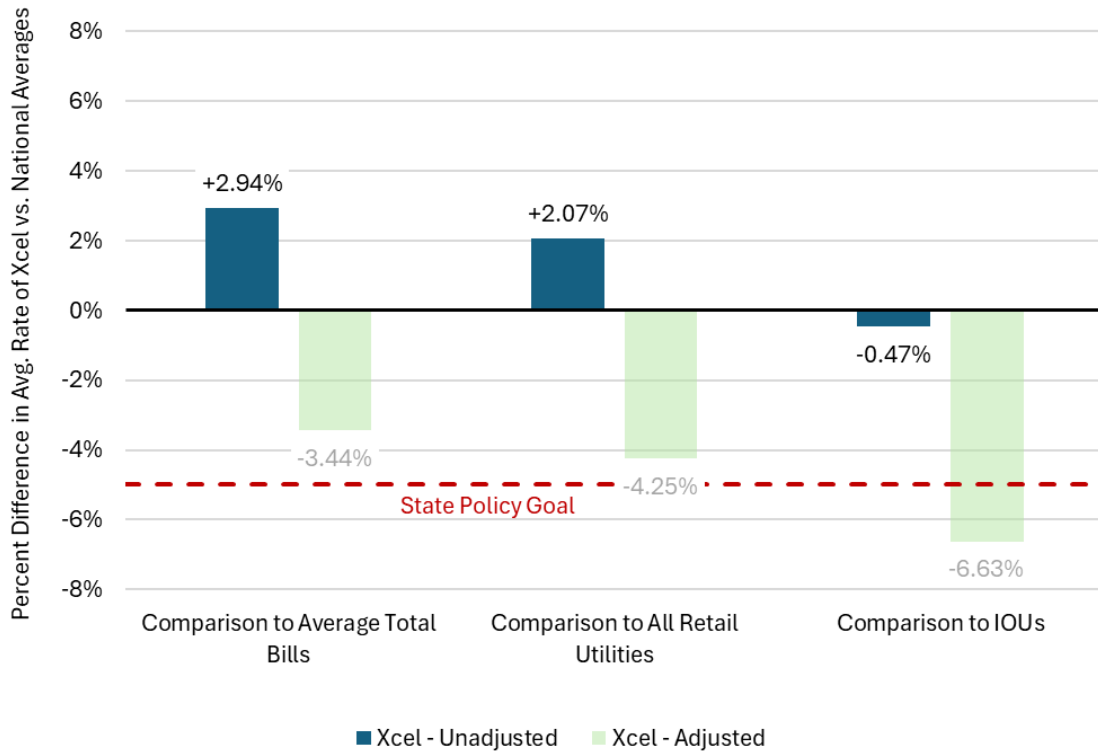


Figure 5. Comparison of average rates for all customer classes of Xcel Energy-Minnesota to national averages. Unadjusted rates are comparable to the comparison groups, which are also unadjusted. Data from EIA-861M for 2024.¹²⁰

¹²⁰ Ex. JIN-2 at 19.

Residential Class (2024): Xcel Energy's unadjusted average rate is higher than the U.S. average bill and the U.S. average of all retail utilities and IOUs

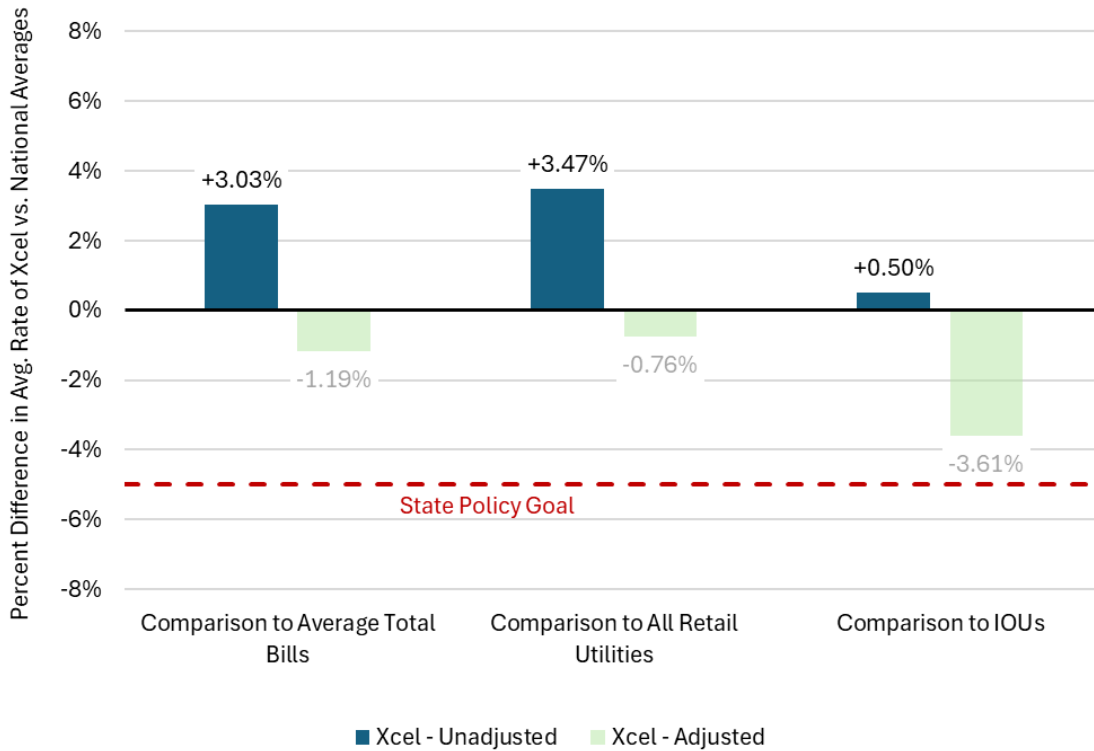


Figure 6. Comparison of average rates for the residential class of Xcel Energy-Minnesota to national averages. Unadjusted rates are comparable to the comparison groups, which are also unadjusted. Data from EIA-861M for 2024.¹²¹

Because Xcel is out of compliance with the statutory goal and the Commission’s prior Order Point 77, Joint Intervenors recommend 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.¹²² In addition, in doing so, the Commission should continue to explore pathways to increase residential energy affordability goals both on the grounds of reducing

¹²¹ Ex. JIN-2 at 20.

¹²² Ex. JIN-2 at 3, 21.

inter- and intra-class cross-subsidization and to advance the public interest goal of reducing energy insecurity discussed above.¹²³

With respect to justifying the Company's escalating rates, Company witness Amy Liberowski 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.¹²⁴ At the same time, she 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.¹²⁵ Ms. Liberowski's perspective on the Company's rates seems to reflect a troublingly narrow, short-term view. As Joint Intervenors witness Dr. Chan stated, over the longer term—certainly since 2014, the year cited by Ms. Liberowski—"energy 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 downward pressure on the utility's revenue requirement as it is able to make fewer demand-related investments."¹²⁶ Indeed, as Dr. Chan noted, such capital investment reductions appear in the cost-benefit analysis of the Company's triennial plans for the Conservation Improvement Program (CIP) and Energy Conservation and Optimization (ECO).¹²⁷ In the latest ECO plan, the Company calculated a benefit-cost ratio of 2.84 for its 2024 electric programs for the utility cost test, meaning that for every dollar invested in its ECO electric programs, there is a \$2.84 benefit in utility-system cost reductions.¹²⁸ In sum, Dr. Chan concluded: "The Company's own analysis therefore shows that

¹²³ Ex. JIN-2 at 3, 22.

¹²⁴ Ex. Xcel-16 at 5.

¹²⁵ Ex. Xcel-16 at 9.

¹²⁶ Ex. JIN-5 at 20.

¹²⁷ Ex. JIN-5 at 20.

¹²⁸ Ex. JIN-5 at 20 (citing Xcel Energy, *Minnesota Electric and Natural Gas Energy Conservation and Optimization Program: 2024-2026 Eco Triennial Plan*, Docket No. E,G002/CIP-23-92, at 44).

energy efficiency should reduce, rather than increase, the cost drivers underlying retail rates.”¹²⁹ Ms. Liberkowski appears to state that the Company has failed to properly account for its own demand-side programs in its system planning.

Joint Intervenors urge the Commission to reject Ms. Liberkowski’s framing here and in any future justification from the Company regarding increased rates. Rather, the Commission should hold the Company accountable for the downward pressure that energy efficiency and conservation should—and according to the Company in its ECO and CIP filings, does—put on customers’ rates and bills by avoiding new capacity additions and more efficiently utilizing its existing capital. Moreover, with demand expected to rise significantly over the next few years with new large loads, Joint Intervenors encourage the Commission to act in accordance with Dr. Chan’s recommendation to “consider ways in which rising demand can contribute to increased system efficiency by better utilizing any overbuilt capital in a way that puts downward pressure on rates moving forward.”¹³⁰

F. The Commission Should Prioritize Energy Affordability as It Determines a Return on Equity.

As Joint Intervenors witness Dr. Chan noted, the Company estimated that for each basis point increase in ROE, the test year revenue requirement increases by \$973,000.¹³¹ Dr. Chan went on to state: “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,”¹³² with associated impacts on customers’ rates. CUB witness Steve Kihm pointed to affordability challenges when he recommended a 9.0% ROE,

¹²⁹ Ex. JIN-5 at 21.

¹³⁰ Ex. JIN-5 at 22.

¹³¹ Ex. JIN-2 at 46.

¹³² Ex. JIN-2 at 46.

stating, for example: “The ROE recommendation in this case depends on my financial analysis and judgment, along with the analysis of [CUB witness] Ms. Levenson-Falk, relating to protecting NSP’s customers. What has been missing in most discussions of the just and reasonable ROE is a direct examination of customer impacts. She discusses some of the problems that NSP’s ratepayers have affording their bills. The existence of those problems can be reflected in a lower ROE.”¹³³ The Department of Commerce (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.¹³⁴

Although Dr. Chan did not make a specific ROE recommendation, he emphasized the importance of the “end result doctrine” established in *Federal Power Commission v. Hope Natural Gas Co.* in setting ROE.¹³⁵ 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.”¹³⁶ The doctrine 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.¹³⁷

Based on this doctrine, Joint Intervenors recommend that the Commission give primacy to energy affordability as it determines a return on equity that meets its definition of the public interest.¹³⁸ Consistent with this position, and without taking a position on the precise ROE in this

¹³³ Ex. CUB-1 at 43; Ex. CUB-6 in its entirety (affirming recommendations in direct).

¹³⁴ 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.

¹³⁵ 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.”)).

¹³⁶ Ex. JIN-2 at 41.

¹³⁷ Ex. JIN-2 at 42-43.

¹³⁸ Ex. JIN-2 at 3, 46-47.

case, Joint Intervenors recommend the Commission deny Xcel's request for an ROE above its current 9.25% authorized ROE.

G. The Commission Should Require the Company to Integrate Equity Metrics into Its Integrated Distribution Plan, Its Internal Annual Budgeting and Prioritization, and Its Rate Cases.

Similar to the demonstrated racial disparities in disconnections, 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.¹³⁹ As Dr. Chan explained in testimony, "the presence of these disparities in at least six years of historic data suggests the need for urgent, proactive investments in both operational practices and capital to ensure that the households that are the most energy insecure already 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."¹⁴⁰ Similarly, Joint Intervenors witness William D. Kenworthy stated: "Revenue requirement, authorized return on equity, and distribution investment budgets are decided in rate cases; these important decisions directly determine the size of customer bills and the allocation of costs across customer classes. You cannot separate 'equitable energy burden' from the rate-setting decisions that create that burden."¹⁴¹ Mr. Kenworthy highlighted "how investment prioritization itself can either perpetuate or remedy historical inequities."¹⁴²

Mr. Kenworthy contrasted this view with the Company's current approach, as articulated by Company witness Martin. Mr. Martin advocated against "setting different rates for different sub-classes of customers" and instead proposed "considering the different energy burden borne by

¹³⁹ Ex. JIN-2 at 10-11; Ex. JIN-1 at 6.

¹⁴⁰ Ex. JIN-2 at 11.

¹⁴¹ Ex. JIN-1 at 4

¹⁴² Ex. JIN-1 at 4.

low-income customers” through targeted assistance programs.¹⁴³ Mr. Martin contended that the Commission should “focus its equity consideration in this rate case on whether utilities have appropriate programs and measures in place to ensure an equitable energy burden” while adhering to “accepted principles for setting rates.”¹⁴⁴

In response, Mr. Kenworthy explained that while “affordability programs are an important part of the overall solution, Mr. Martin’s framework creates an artificial distinction between rate-setting and equity that does not reflect economic reality.”¹⁴⁵ Rather, 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. Mr. Kenworthy expressly recognized and appreciated the Company’s efforts to elevate the voices of disadvantaged communities, particularly through its Equity Stakeholder Advisory Group (ESAG) and Environmental Justice Accountability Board (EJAB), as emphasized by Mr. Martin.¹⁴⁶ Nonetheless, Mr. Kenworthy emphasized that his recommendation in this case is directed at a different issue:

While community engagement is essential, the State’s equity goals also depend on how Xcel Energy plans and prioritizes its capital investments, and, ultimately, the investments for which the Commission approves cost recovery. The rate case is the proceeding in which the Company seeks cost recovery for investments that will shape system performance for years to come... [I]n addition to stakeholder engagement in forums like EJAB and ESAG, there must be a corresponding integration of equity into the analytical and decision-making processes that determine what investments are brought forward in the rate case for Commission approval.¹⁴⁷

¹⁴³ Ex. Xcel-70 at 28.

¹⁴⁴ Ex. Xcel-70 at 31.

¹⁴⁵ Ex. JIN-1 at 4.

¹⁴⁶ Ex. JIN-4 at 2-3.

¹⁴⁷ Ex. JIN-4 at 3.

This point is consistent with Mr. Martin’s own testimony, where Mr. Martin stated that IDPs are “one of the dockets where the Company is working to integrate equity considerations.”¹⁴⁸ Mr. Kenworthy explained: “My recommendation extends that logic to the rate case because it is the forum where the Company brings its investments forward for cost recovery in an application informed by the Integrated Distribution Plan.”¹⁴⁹

Mr. Kenworthy also contrasted his view with the distribution investment planning process articulated by Company witness Marty D. Mensen. Mr. Mensen described an annual “bottoms up” budgeting approach that employs nine capital budget categories and uses a “comprehensive capital forecasting system.”¹⁵⁰ While Mr. Mensen explained that the Company starts budgeting in October by reviewing summer peak loads and conducting economic forecasting,¹⁵¹ he never discussed how documented reliability disparities, environmental justice community needs, or equity metrics factor into investment prioritization within or across budget categories. Mr. Kenworthy stated: “This planning deficiency is particularly concerning given that Witness Mensen acknowledges Distribution will spend hundreds of millions of dollars over the Multi-Year Rate Plan (MYRP) period on reliability improvements, grid modernization, and capacity expansion. Without equity integration in the planning process, these investments risk perpetuating or even exacerbating existing service disparities rather than addressing them systematically.”¹⁵²

Responding to Mr. Kenworthy, Mr. Mensen stated that the Commission has directed the Company to undertake a third-party evaluation to examine the identified disparities in reliability

¹⁴⁸ Ex. Xcel-71 at 68.

¹⁴⁹ Ex. JIN-4 at 6.

¹⁵⁰ Ex. Xcel-34 at 18.

¹⁵¹ Ex. Xcel-34 at 18.

¹⁵² Ex. JIN-1 at 12.

and evaluate the Company's investment planning and outage restoration practices.¹⁵³ He argued that it would be premature for the Commission to impose additional equity-related planning requirements while that work is underway. Joint Intervenors disagree that this study is a prerequisite for integrating equity considerations into planning. While the study will hopefully produce valuable insights related to the identified disparities and opportunities to mitigate them, the Commission should require Xcel to integrate equity considerations into its planning and prioritization tools to inform its investments on a forward-looking basis, to avoid perpetuating further such disparities

In sum, Joint Intervenors recommend 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.¹⁵⁴ Mr. Kenworthy 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.¹⁵⁵ Drawing on these examples, Joint Intervenors recommend the Commission require Xcel to make three key reforms:

1. Establish equity-informed prioritization criteria for distribution investments. The Commission should require Xcel to develop and implement systematic criteria that prioritize investments addressing documented service disparities. The Company should weight these criteria appropriately in its distribution project scoring and prioritization processes.

¹⁵³ 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)).

¹⁵⁴ Ex. JIN-1 at 6.

¹⁵⁵ Ex. JIN-1 at 12-13; Ex. JIN-4 at 8-10.

2. Integrate equity requirements into the IDP process. The Commission should require Xcel to demonstrate in its IDP filings how equity considerations will be systematically incorporated into distribution planning and investments.
3. Implement transparent reporting on equity outcomes. The Commission should require Xcel to report on reliability improvements and infrastructure investments by environmental justice area, income level, and racial composition in its Safety, Reliability, and Service Quality annual reports, just as the Company reports on reliability or other dimensions of utility performance. This reporting should demonstrate whether rate-funded investments are systematically addressing documented disparities or perpetuating inequitable service patterns.¹⁵⁶

In addition to these forward-looking recommendations, Joint Intervenors also address Xcel's targeted undergrounding proposal intended, at least to some degree, to address disparities in reliability to date in Section V.A.

Specifically, Mr. Kenworthy explained 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.¹⁵⁷ Mr. Kenworthy stated: "The ICE 2.0 analysis can be combined with social vulnerability mapping to create powerful equity analysis. For example, utilities could overlay ICE cost estimates with environmental justice screening tools to identify 'equity hotspots'—areas where high calculated outage costs coincide with communities that have limited adaptive capacity to cope with and recover from outages."¹⁵⁸ Therefore, Joint Intervenors recommend that the Commission require

¹⁵⁶ Ex. JIN-1 at 6, 13-14.

¹⁵⁷ Ex. JIN-1 at 9.

¹⁵⁸ Ex. JIN-1 at 9.

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.¹⁵⁹ Specifically, Joint Intervenors recommend requiring Xcel to: conduct ICE-based analysis that weights outage costs by community vulnerability factors; use the results to prioritize reliability improvements in low-income communities that experience both high calculated costs and high social vulnerability; and report annually on how distribution investments are reducing both the frequency and the severity of impacts in historically underserved communities with documented reliability disparities.¹⁶⁰ Joint Intervenors witness Kenworthy recognized that the Company currently uses the ICE 2.0 calculator for system-level benefit estimation.¹⁶¹ In response to Company witness Mensen’s concerns related to applying ICE 2.0 at a more granular, community-level scale, Mr. Kenworthy clarified: “My intent is not to prescribe a specific formula, but to highlight that the ICE calculator now contains tools that can support more equitable planning today. Incorporating these aspects of ICE into benefit-cost analysis can help ensure that investments proposed in future rate cases better align with the State’s equity objectives.”¹⁶²

In addition to these capital investment-focused recommendations, Mr. Kenworthy pointed out that the Company should consider operational changes to improve equity in reliability.¹⁶³ He indicated that storm response decision-making tools prioritize quickly restoring the greatest number of people, and also consider other factors such as the presence of hospitals or other public safety facilities.¹⁶⁴ Joint Intervenors recommend the Commission require Xcel to consider low-income communities as another factor in storm response and other emergency response actions.¹⁶⁵

¹⁵⁹ Ex. JIN-1 at 10.

¹⁶⁰ Ex. JIN-1 at 10.

¹⁶¹ Ex. JIN-4 at 10-11.

¹⁶² Ex. JIN-4 at 12.

¹⁶³ Ex. JIN-1 at 10.

¹⁶⁴ Ex. JIN-1 at 10.

¹⁶⁵ Ex. JIN-1 at 10.

IV. WILDFIRE MITIGATION PLAN

A. **The Commission Should Adopt the Overall Wildfire Mitigation Costs and Focus on Tier 3 Areas Recommended by Department Witness Borden, to Which Xcel Has Agreed.**

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.¹⁶⁶ Joint Intervenors witness Kenworthy 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.¹⁶⁷ In addition, 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.¹⁶⁸ 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.¹⁶⁹

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. This will allow us to perform important mitigation activity in the near-term, with subsequent mitigation work to be developed

¹⁶⁶ Ex. Xcel-79 at 7.

¹⁶⁷ Ex. JIN-1 at 15-23; *see also* Ex. JIN-4 at 18-22.

¹⁶⁸ Ex. DOC-9 at 4-5; Ex. DOC-10 at 29.

¹⁶⁹ Ex. DOC-9 at 6; Ex. DOC-10 at 30.

as we increase our understanding of wildfire risk with enhanced risk modeling currently under development.” In a footnote after the first sentence quoted above, the Company stated: “We agree with the Department that the smaller-scale and foundational proposed expenditures should be included 2025 test year and 2026 plan year.”

In surrebuttal testimony, Mr. Kenworthy likewise supported Mr. Borden’s recommendation to implement larger-scale wildfire mitigation programs in highest-risk (Tier 3) areas.¹⁷⁰ Mr. Kenworthy stated: “I agree that approach is a reasonable first step while the more comprehensive modeling and planning review that I recommend are underway.”¹⁷¹ For this reason, and in light of Xcel’s letter quoted above, Joint Intervenors recommend the Commission 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.

B. The Commission Should Require the Company to Provide More Comprehensive Risk Analysis and Evaluation of Wildfire Mitigation Proposals in Its Integrated Distribution Plan.

Despite the agreement above, Joint Intervenors maintain the concerns expressed by Mr. Kenworthy in his direct and surrebuttal testimony, which are in sum: “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.”¹⁷² Despite agreeing to the reasonableness of some initial investment in the highest priority areas, as discussed above, Mr. Kenworthy stated:

¹⁷⁰ Ex. JIN-4 at 21.

¹⁷¹ Ex. JIN-4 at 21.

¹⁷² 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.”).

Approving large wildfire-related capital spending in advance of this analysis risks locking the Company into a set of technologies, deployment strategies, and cost levels before it has completed a comparative evaluation in the IDP. 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.¹⁷³

In response to Mr. Kenworthy, Company witness Paul J. McGregor argued that any delay would impede the Company's ability to address what he characterized as an urgent and growing safety threat.¹⁷⁴ Joint Intervenors believe that approval of high-risk investments as recommended above should address Mr. McGregor's immediate concerns. Going forward, however, the Commission should require Xcel to provide more robust risk analysis and justification for its wildfire mitigation plans and investments. Therefore, Joint Intervenors recommend that the Commission require Xcel to:

- Complete its Minnesota-specific wildfire risk assessment;
- 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;
- Incorporate those findings into its 2025 Integrated Distribution Plan or its next IDP as appropriate;
- Engage stakeholders through the Commission's IDP process; and
- Seek future cost recovery with specific, justified investment proposals supported by its analysis.

¹⁷³ Ex. JIN-4 at 19.

¹⁷⁴ Ex. Xcel-84 at 23-26.

In addition, Mr. Kenworthy highlighted in surrebuttal testimony his ongoing concern regarding the types of mitigation technologies Xcel has proposed and their cost-effectiveness.¹⁷⁵

While starting with Tier 3 areas may be reasonable, Mr. Kenworthy stated:

The Commission should also ensure that the eventual locational analysis does not effectively ‘grandfather in’ the specific technologies the Company has proposed before any comparative assessment of alternatives occurs. Given the rapidly evolving landscape of wildfire-mitigation options—including covered conductor, sectionalizing, advanced sensors, vegetation strategies, and operational mitigations—it is important that future planning evaluate not only the priority locations, but also the relative costs, benefits, and risk-reduction performance of competing technology types.¹⁷⁶

Joint Intervenors again recommend that the Commission require Xcel to undertake this broader review in its Integrated Distribution Plan, where it can consider wildfire mitigation alongside other safety, reliability, and system-risk investments. This approach allows for a more transparent evaluation of not just where but also *how* the Company proposes to mitigate wildfire risk.

V. DISTRIBUTION INVESTMENTS

As Joint Intervenors witness Kenworthy explained: “It’s appropriate—and necessary—to invest in distribution capacity to maintain safety and reliability as loads evolve and DER adoption accelerates. That said, the Company’s capacity category nearly doubles from \$106.6 million in 2025 to \$206.2 million in 2026 [citation omitted], driven largely by a jump in Discrete Capacity Projects from \$81.1 million to \$150.5 million and the introduction of \$15.2 million for hosting-capacity upgrades in 2026. In my view, that step-change warrants closer scrutiny and alignment with the Commission’s Integrated Distribution Plan processes before inclusion in base rates.”¹⁷⁷

Based on Xcel’s rebuttal testimony and further consideration, the Joint Intervenors no longer

¹⁷⁵ Ex. JIN-4 at 22.

¹⁷⁶ Ex. JIN-4 at 22.

¹⁷⁷ Ex. JIN-1 at 23-24.

dispute Xcel's 2025-26 Discrete Capacity spending in this case, as discussed further below in Section V.B. Nonetheless, Joint Intervenors continue to encourage the Commission to require robust discussion of alternatives to such projects going forward in both IDPs and rate cases. In addition, as discussed in Section V.C, the Company has since withdrawn its \$15.2 million budget for hosting-capacity upgrades. However, the Company has proposed a \$9.0 targeted undergrounding budget that still warrants further scrutiny prior to allowing cost recovery.¹⁷⁸

A. The Commission Should Require the Company to Provide Full Discussion and Justification of Its Targeted Underground Plans in Its Integrated Distribution Plan Prior to Any Approval of Cost Recovery.

As discussed above in Section III.G, studies by Joint Intervenors witness Chan and by Company consultant TRC identified racial disparities in reliability (CELI-12). In its 2024 Safety, Reliability, and Service Quality proceeding, the Company recommended increased tree trimming and targeted undergrounding to address the findings of the disparity studies.¹⁷⁹ Company witness Mensen addressed the issue in supplemental testimony in this case and proposed targeted undergrounding with a \$9.0 million budget for 2025-26.¹⁸⁰ 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.¹⁸¹ 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. In its 2025 SRSQ proceeding, Xcel also committed

¹⁷⁸ Ex. Xcel-37 at 4.

¹⁷⁹ Ex. JIN-1 at 7 (referencing Docket No. E-002/M-24-27).

¹⁸⁰ Ex. Xcel-37 at 1-4.

¹⁸¹ Ex. JIN-1 at 7, Att. 3.

to bringing forward a fuller targeted undergrounding proposal in its 2025 IDP,¹⁸² which it has since done.¹⁸³

Mr. Kenworthy commended Xcel for developing proposals to address disparities in reliability.¹⁸⁴ He went on to state: “However, while these measures may ultimately be approved by the Commission, they still raise significant questions about cost effectiveness, community impact, and process. Xcel has not yet shown how it will ensure that such projects reflect the priorities of the affected communities, or how it will avoid doing more harm than good given the likely impacts on traffic, property, and neighborhood disruption. Finally, they have not demonstrated that these measures are the most cost-effective means of achieving the desired outcomes.”¹⁸⁵ In response to Mr. Kenworthy, Xcel witness Mensen underscored the Company’s evaluation of alternatives in its SRSQ and its identification of targeted undergrounding as a “more comprehensive solution.”¹⁸⁶ Mr. Mensen indicated that its proposal in this case is based on its SRSQ analysis and begins with a “limited deployment in 2025 and 2026,” though it would provide information on the program over the IDP planning period (2025-2030) in its 2025 IDP¹⁸⁷ (which it has done). To address impacts on communities, Mr. Mensen explained the Company’s expected engagement with communities and municipalities regarding its targeted undergrounding plans.¹⁸⁸ While Joint Intervenors appreciate Xcel’s efforts to date, we nonetheless continue to emphasize the need for transparent, comprehensive analysis of the Company’s targeted undergrounding plans in its IDP. While the Company has provided some preliminary justification and discussion in its SRSQ

¹⁸² Ex. JIN-1 at 7 (referencing Docket No. E-002/M-25-27).

¹⁸³ *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).

¹⁸⁴ Ex. JIN-1 at 8.

¹⁸⁵ Ex. JIN-1 at 8.

¹⁸⁶ Ex. Xcel-35 at 13-14.

¹⁸⁷ Ex. Xcel-35 at 14.

¹⁸⁸ Ex. Xcel-35 at 16.

proceeding and in this case, the IDP is the appropriate forum to review the Company's plans holistically and in relation to its other proposed distribution investments in the 2025-30 timeframe. 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. For these reasons, Joint Intervenors recommend that the Commission 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.¹⁸⁹

B. Although Joint Intervenors No Longer Dispute the Company's 2025-26 Discrete Capacity Spending in This Case, the Commission Should Ensure Robust Analysis of Least-Cost Alternatives in Future Integrated Distribution Plans and Rate Cases.

As indicated above, Xcel proposes an increase in Discrete Capacity Project spending of about \$70 million over 2025-26.¹⁹⁰ Xcel witness Marty D. Mensen specified twelve large projects in the MYRP timeframe, nine of which place additions in service in 2026.¹⁹¹ For each project, Mr. Mensen provided a brief description that indicated growth or contingency mitigation needs and timing.¹⁹² While those summaries are helpful, as Joint Intervenors witness Kenworthy explained, "... they are not a substitute for project-level alternatives analysis, including DER/NWA [non-wires alternative] screening, to confirm least-cost pathways before locking in a one-year surge in capital additions."¹⁹³ In his direct testimony, Mr. Kenworthy concluded that the Company failed to "tie the 2026 surge to transparent, project-level load forecasts and screening of lower-cost alternatives.... Given the magnitude of the 2026 increase, projects should be prioritized and

¹⁸⁹ Ex. JIN-1 at 8.

¹⁹⁰ Ex. Xcel-34 at 89.

¹⁹¹ Ex. Xcel-34 at 89-90.

¹⁹² Ex. Xcel-34 at 90-91.

¹⁹³ Ex. JIN-1 at 24.

sequenced through the IDP so that non-wires/DER solutions can be considered wherever cost-effective.”¹⁹⁴ Mr. Mensen filed rebuttal testimony, which discussed the Company’s process for developing its Discrete Capacity Projects and its review of alternatives within the IDP process.¹⁹⁵ Based on Mr. Mensen’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 dispute the Company’s 2025-26 Discrete Capacity Project budget here. However, consistent with Mr. Kenworthy’s testimony, Joint Intervenors underscore the importance of a robust analysis of least-cost alternatives to these projects going forward in both IDPs and rate cases.

C. Hosting Capacity Investments and Communications Infrastructure Are No Longer Disputed Issues in This Case.

Joint Intervenors initially addressed Xcel’s proposals related to hosting capacity investments and communications infrastructure, recommending that the Commission reject these investments pending additional justification.¹⁹⁶ Regarding hosting capacity, Xcel withdrew its proposed \$15.2 million hosting-capacity budget.¹⁹⁷ On communications infrastructure, after reviewing rebuttal testimony, Joint Intervenors witness Kenworthy 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.”¹⁹⁸ Therefore, the Company has sufficiently addressed Joint Intervenors’ concerns on both issues in this case.

¹⁹⁴ Ex. JIN-1 at 24.

¹⁹⁵ Ex. Xcel-35 at 19-25.

¹⁹⁶ Ex. JIN-1 at 23-30, 46.

¹⁹⁷ Ex. Xcel-35 at 25.

¹⁹⁸ Ex. JIN-4 at 17-18.

VI. DATA CENTERS AND LARGE-LOAD GROWTH

A. The Commission Should Ensure This Rate Case Is Subject to Its Final Order in Xcel's Large-Load Tariff Proceeding and Require Xcel to File a Refreshed Class Cost of Service Study in This Proceeding to Reflect Any New Tariff Terms, Charges, and Allocation Rules.

In its March 2025 Order on the Company's most recent Integrated Resource Plan (IRP), the Commission 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."¹⁹⁹ 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."²⁰⁰ In establishing this requirement, the Commission indicated that it "shares commenters' concerns about data-center-driven load growth" and that, with the requirement, it sought to "more fully consider and address those concerns...."²⁰¹ A few months later, the State passed legislation requiring the Commission 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).²⁰² These outcomes include ensuring that "costs attributable to the utility's very large customers ... are assigned to the very large customer class or subclass..."²⁰³

In compliance with both this legislation and the IRP Order, Xcel filed the requisite tariffs in Docket No. E002/M-25-289, which is now pending Commission deliberation and decision. As

¹⁹⁹ *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.

²⁰⁰ *Id.*

²⁰¹ *Id.* at 17.

²⁰² Minn. Stat. § 216B.02, Subd. 11; § 216B.1622, Subd. 2.

²⁰³ Minn. Stat. § 216B.1622, Subd. 2(1).

Joint Intervenors witness Kenworthy stated: “This rate case should be aligned with the outcome of Docket No. 25-289. . . . Any 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.”²⁰⁴ Specifically, Joint Intervenors recommend the Commission adopt the three steps Mr. Kenworthy identified with respect to large-load tariffs:

- (1) State that this rate case is subject to the final order in Docket No. 25-289;
- (2) 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
- (3) Require deposit and contract provisions (from Docket No. 25-289) to protect customers against speculative projects and stranded costs.

In the meantime, Joint Intervenors recommend that the Commission should not pre-approve generic distribution capacity to serve potential data centers. As Mr. Kenworthy stated: “Until Docket No. 25-289 sets the interconnection, deposits, and cost-allocation framework—and until the Company makes the updated incremental cost-benefit and no-double-recovery showings called for in prior orders—generic pre-approval would be premature. Instead, the Commission should require project-specific filings once a data-center proposal matures, with allocations aligned to the tariff outcomes and demonstrated cost-causation.”

Although Mr. Kenworthy requested that Xcel “explain in rebuttal testimony how it will coordinate this case and Docket No. 25-289, includ[ing] specifically any data-center-driven upgrades, cost allocation, and consumer protections,”²⁰⁵ the Company did not respond to this request. However, in surrebuttal testimony, Xcel Large Industrials witness Jonathan Ly addressed

²⁰⁴ Ex. JIN-1 at 30-31.

²⁰⁵ Ex. JIN-1 at 31.

this issue and made the following recommendation, which is somewhat similar to Mr. Kenworthy's:

To timely incorporate any decision from the Commission in Docket No. E002/M-25-289, I recommend that NSPM be required to revise its CCOSS in this docket by establishing a new customer class for the Large General Time of Day Service and Large Peak Controlled Time of Day Service tariffs that is independent from the existing C&I Demand, and all other, classes. I also recommend that any incremental revenues collected from new large load customers be allocated to customer classes in the same manner as NSPM's production and transmission plant.²⁰⁶

As permitted by the Administrative Law Judge, Xcel filed testimony from Mr. Paluck responding to Mr. Ly. Mr. Paluck 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).²⁰⁷ Mr. Paluck noted: "Based on the 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."²⁰⁸ As such, Mr. Paluck 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."²⁰⁹

²⁰⁶ Ex. XLI-9 at 24.

²⁰⁷ Ex. Xcel-98 at 1-2.

²⁰⁸ Ex. Xcel-98 at 3.

²⁰⁹ Ex. Xcel-98 at 5.

At the outset, Joint Intervenors note that, because Xcel did not respond to Mr. Kenworthy in rebuttal or surrebuttal, and only responded to Mr. Ly via Mr. Paluck's responsive testimony, Mr. Kenworthy did not have an opportunity to address the Company's positions. That being said, while Joint Intervenors appreciate the concerns Mr. Paluck has raised, we note that Xcel may nonetheless have super-large customers during the period in which the rates established in this case will apply. Although the Company may not have or expect any such customers during the 2025-26 period, it may have them in 2027 or later, and it has made no commitment to filing a new rate case at that time. Moreover, Mr. Paluck bases his 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 Mr. Paluck has not considered. For these reason, requiring a "compliance CCOSS" in this rate case may be appropriate. In any case, Joint Intervenors reaffirm Mr. Kenworthy's recommendations above and underscore the importance of the Commission expressly stating that this rate case (and any future rate cases) must be subject to the determinations it makes in Docket No. 25-289.

VII. VIRTUAL POWER PLANTS

A. The Commission Should Condition Approval of Continued AGIS Funding on Xcel's Proposal of a Virtual Power Plant Tariff and Implementation Plan.

Although Xcel does not currently have and has not proposed a virtual power plant (VPP) program, its current and proposed investments would enable one. As Joint Intervenors witness Kenworthy explained: "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. A VPP program could be [a] customer-facing use case that helps

support the need for AGIS investments proposed in this rate case...”²¹⁰ Mr. Kenworthy articulated the relevance and timeliness of VPPs:

The Company’s own planning demonstrates that additional capacity is needed to maintain reliability. That need is underscored by the data center case [Docket No. 25-289], which confirms that new large loads are materializing faster than traditional planning and procurement processes can accommodate. At the same time, DOE’s *2025 Liftoff Update* (Attachment 13) finds peak demand nationally is rising rapidly (roughly ~800 GW in 2024 to ~900 GW by 2030), while T&D and generation lead times and costs are climbing—making fast, flexible resources increasingly valuable. VPPs can be stood up quickly: basic peak-shaving VPPs can begin operating within about six months.²¹¹

Mr. Kenworthy went on to explain: “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.”²¹²

Xcel is already making investments that would enable VPPs, including in this rate case. Xcel witness Mensen stated that “the AGIS initiative is 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...”²¹³ He further testified that these investments are “making the grid smarter and more responsive, increasing system visibility and control, and enabling expanded customer options.”²¹⁴ Mr. Mensen indicated that “these AGIS investments, in concert with future investments, will provide cumulative benefits that will help to modernize the

²¹⁰ Ex. JIN-1 at 35.

²¹¹ Ex. JIN-1 at 40.

²¹² Ex. JIN-1 at 42.

²¹³ Ex. Xcel-34 at 105.

²¹⁴ Ex. Xcel-34 at 7.

distribution system while also providing an improved customer experience.”²¹⁵ As Mr. Kenworthy explained, “[t]his indicates the Company recognizes that AGIS creates a platform for additional grid services and customer programs beyond the initial use cases.”²¹⁶

In addition, the Company has made and proposes to make investments in a Distributed Energy Resource Management System (DERMS), which is the control and coordination platform that makes a VPP possible.²¹⁷ As Mr. Kenworthy 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.²¹⁸ 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.²¹⁹ The Company is also proposing to recover costs for its Advanced Metering Infrastructure (AMI), whose data collection and sharing capabilities are important for planning, customer data visibility, and measurement and verification of demand response programs included in VPPs.²²⁰

Given the capabilities of these AGIS and other investments, Mr. Kenworthy concluded 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.”²²¹ In response, Xcel witness Mensen argued that, because the Commission initially approved these investments on other grounds, the Commission should not now insist that

²¹⁵ Ex. Xcel-34 at 8.

²¹⁶ Ex. JIN-1 at 40.

²¹⁷ Ex. JIN-1 at 35-38.

²¹⁸ Ex. JIN-1 at 38; Ex. JIN-4 at 13-15.

²¹⁹ Ex. JIN-1 at 39; *see also* Ex. Xcel-34 at 105 (describing ADMS).

²²⁰ Ex. JIN-1 at 39; *see also* Ex. Xcel-34 at 7 (describing AMI).

²²¹ Ex. JIN-1 at 40.

the Company also now realize additional value through a VPP.²²² Responding to Mr. Mensen, Mr. Kenworthy recognized that the Company has not designed its AGIS and other investments explicitly to enable a VPP and did not recommend that the Commission reinterpret its prior approvals.²²³ Rather, he underscored that “these investments create a foundation for additional value that the Company should now realize for ratepayers by pursuing a VPP initiative,”²²⁴ and reiterated his recommendation that the Commission should require the Company to do so.

While the Company has proposed a Distributed Capacity Procurement (DCP) program in Minnesota, currently under consideration at the Commission in Docket No. E002/M-25-378, it serves a different but complementary purpose as compared to a VPP, as Mr. Kenworthy explained: “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.”²²⁵

Mr. Kenworthy also recognized the multiple customer-facing programs highlighted by Company witness Mensen, which could serve as components of a future VPP, including its residential and commercial demand response programs, managed charging initiatives, smart thermostat and water heater programs, and emerging customer battery programs.²²⁶ Mr. Kenworthy clarified his recommendation to “integrat[e] these existing programs—and expand them to fully leverage the potential of behind-the-meter solar+storage not only to flex load but also provide energy to the grid at critical times—so that they can work together to provide greater

²²² Ex. Xcel-35 at 35.

²²³ Ex. JIN-4 at 15.

²²⁴ Ex. JIN-4 at 15.

²²⁵ Ex. JIN-1 at 41.

²²⁶ Ex. JIN-4 at 16.

combined value.”²²⁷ Notably, the Company’s Colorado affiliate has already begun to implement a VPP.²²⁸ In Minnesota, the Company has the requisite platform through its AGIS, DERMS, and other grid modernization investments, along with the closely related programs, discussed above.

As Mr. Kenworthy stated: “The functionality enabled by AGIS and DERMS—such as advanced metering, grid-edge visibility, improved situational awareness, and the ability to monitor and coordinate distributed energy resources—is precisely the type of platform that other utilities across the country have leveraged to implement VPPs.”²²⁹ The Commission should require the Company to leverage this functionality to bring further value to its customers through a VPP. 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.

Therefore, Joint Intervenors recommend 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, that: (1) specifies target devices and MWs by year, (2) shows feeder/substation deferral use cases, (3) commits to standard, pay-for-performance aggregator contracts, and (4) includes customer-facing enrollment and equity strategies, with annual reporting on participation, verified peak reduction, avoided costs, and bill impacts.²³⁰ As Mr. Kenworthy explained, the SUN model tariff (included with his testimony as Attachment 15) is a “standard-offer, open-access tariff-based DPP program that draws from and builds upon successful programs designed for customer-sited batteries to provide peak load

²²⁷ Ex. JIN-4 at 16.

²²⁸ Ex. JIN-1 at 35

²²⁹ Ex. JIN-4 at 15.

²³⁰ Ex. JIN-1 at 45, 47; Ex. JIN-4 at 16-17.

reduction and other grid support services, including the ConnectedSolutions program in Massachusetts and others operating around the country. The Model Tariff framework balances program standardization with the flexibility to adapt the model to meet the policy goals and grid needs of the implementing state and utility.”²³¹

VIII. CONCLUSION

The rate increase Xcel proposes in this case will further burden its customers, who are already struggling with affordability, as demonstrated by dramatic increases in the Company’s disconnections. These increases, which higher rates would likely exacerbate, are all the more concerning given demonstrated racial disparities, which persist as Xcel and the Commission continue to consider how best to address them. In this context, Joint Intervenors have made recommendations intended to promote affordability, advance equity and energy justice, and optimize access to and use of clean distributed energy resources on the distribution system. These recommendations can help the Commission fulfill its obligations under Minn. Stat. § 216B.03 to ensure that the Company’s rates are not only just and reasonable, but also “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.” They also ensure that the Commission considers customer ability to pay in setting rates in this case, as required by Minn. Stat. § 216B.16, Subd. 15(a).

In sum, Joint Intervenors recommend that the Commission:

- Adopt the definition of energy justice from the Initiative for Energy Justice. Alternatively, however, recognizing the concern Mr. Martin raised related to procedural justice in adopting a definition in this single-utility rate case, Joint Intervenors would support Mr. Martin’s recommendation to establish a broader proceeding where all

²³¹ Ex. JIN-1 at 45. Although Mr. Kenworthy used the term DPP or Distributed Power Plant here, which SUN uses in its tariff, this term is interchangeable with Virtual Power Plant (VPP).

utilities and stakeholders may participate.

- Formally recognize universal energy affordability and the elimination of energy insecurity to be in the public interest.
- 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.
- 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. 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. The evaluation should be conducted by a third party and could be complemented with additional outreach and recoverable outreach expenditures.
- 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.
- Give primacy to energy affordability as it determines a return on equity that meets its definition of the public interest. Consistent with this position, and without taking a position on the precise ROE in this case, Joint Intervenors recommend the Commission deny Xcel's request for an ROE above its current 9.25% authorized ROE.
- 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:
 1. Establish equity-informed prioritization criteria for distribution investments.
 2. Integrate equity requirements into the IDP process.
 3. Implement transparent reporting on equity outcomes.
- 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.
- Require Xcel to consider low-income communities as another factor in storm response and other emergency response actions.
- 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.
- Require Xcel to:
 - Complete its Minnesota-specific wildfire risk assessment;

- 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;
 - Incorporate those findings into its 2025 Integrated Distribution Plan or its next IDP as appropriate;
 - Engage stakeholders through the Commission’s IDP process; and
 - Seek future cost recovery with specific, justified investment proposals supported by its analysis.
- 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.
 - Adopt the three steps Mr. Kenworthy identified with respect to large-load tariffs:
 1. State that this rate case is subject to the final order in Docket No. 25-289;
 2. 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
 3. Require deposit and contract provisions (from Docket No. 25-289) to protect customers against speculative projects and stranded costs.

In the meantime, Joint Intervenors recommend that the Commission should not pre-approve generic distribution capacity to serve potential data centers.
 - 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: (1) specifies target devices and MWs by year, (2) shows feeder/substation deferral use cases, (3) commits to standard, pay-for-performance aggregator contracts, and (4) includes customer-facing enrollment and equity strategies, with annual reporting on participation, verified peak reduction, avoided costs, and bill impacts.

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Respectfully submitted,

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