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September 14, 2020

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

**Re: *In the Matter of the Pandemic and Civil Unrest Recovery Program*
MPUC Docket No. E-002/M-20-662**

Dear Mr. Seuffert:

The Office of the Attorney General—Residential Utilities Division (“OAG”) respectfully submits this letter in response to the August 14, 2020 petition of Northern States Power Company, dba Xcel Energy, (“Xcel” or “the Company”) for approval of a Pandemic and Civil Unrest Recovery Program. For the reasons set forth below, the OAG recommends that the Commission grant the petition, but that it require Xcel to track *both* the costs *and* the revenues that result from the program. This is consistent with how the Commission recently amended Xcel’s Business Incentive and Sustainability (“BIS”) Rider.

On July 27, 2020, the Commission amended Xcel’s BIS Rider tariff to provide temporary rate relief to certain commercial and industrial customers affected by the COVID-19 pandemic (“BIS Rider relief program”).¹ Under the BIS Rider relief program, customers with average maximum monthly demand of 100–2,000 kilowatts (“kW”) before the pandemic who have experienced a 25 percent or greater load reduction as a result of “government mandated requirements associated with” the pandemic may apply to receive a 25 percent credit toward their base rate charges, excluding customer charges.² The program is limited to 200 megawatts (“MW”) of pre-pandemic load and expires March 31, 2021.

The OAG advocated for several improvements to the BIS Rider relief program prior to its approval. In particular, the OAG had recommended removing the lower limit on the size of a customer’s pre-pandemic load so that smaller businesses could take advantage of the program. In

¹ See generally *In the Matter of the Petition of Northern States Power Company for Approval of Revisions to the Business Incentive and Sustainability (BIS) Rider Tariff*, Docket No. E-002/M-20-436, Order Approving Proposed Changes with Modifications (July 27, 2020) (hereinafter “BIS Rider Order”).

² Xcel Energy’s Minnesota Electric Rate Book, section 5, sheet 141.

response to the OAG's comments, the Commission directed Xcel to make a supplemental filing addressing the needs of smaller commercial customers.³

On August 14, 2020, Xcel filed the current petition. The Company proposes a new "Pandemic and Civil Unrest Recovery Program" tariff that would provide rate relief to commercial and industrial customers with prepandemic demands of less than 100 kW who experienced a 25 percent or greater load reduction as a result of the pandemic or recent civil unrest.⁴ Like the BIS Rider relief program, this new program would offer a 25 percent credit against a qualifying customer's total monthly base rate charges, excluding the customer charge. The program would be limited to 50 MW of prepandemic load and expire March 31, 2021.

The OAG generally supports Xcel's proposal because it is consistent with the OAG's recommendation regarding the original BIS Rider relief program. The Company's current proposal would provide much-needed relief to smaller businesses, such as restaurants, small retail shops, grocery and convenience stores, pharmacies, printers and small manufacturers, who were left out of the BIS Rider relief program because of its minimum demand threshold. It will also benefit Xcel by helping the utility retain these customers that are facing financial distress.

The Commission should grant Xcel's petition with one condition related to cost recovery. In approving the BIS Rider relief program, the Commission authorized Xcel to seek recovery of the cost of the credits in a future rate case, on the condition that the Company "provide a cost/benefit analysis demonstrating the reasonableness of any cost recovery, including the full amount of the COVID-19 credits given and the sales revenue stimulated and retained."⁵ By imposing this requirement, the Commission acknowledged that providing these discounts benefits Xcel, helping the Company retain load that it could otherwise lose.

For the same reason, the Commission should require Xcel to track both costs and revenues related to this program so that any proposed recovery of deferred costs can be offset by the corresponding benefits accruing for the same period. If the benefit to Xcel from offering the credits exceeds the cost of those credits, recovering deferred costs from ratepayers would not be just and reasonable.

Sincerely,

/s/ **Peter G. Scholtz**

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³ BIS Rider Order at 7.

⁴ See Xcel's Petition, attach. A (proposed tariff). For non-demand-billed customers, Xcel would estimate load reductions based on energy usage. Petition at 4.

⁵ BIS Rider Order at 7.

CERTIFICATE OF SERVICE

Re: *In the Matter of the Pandemic and Civil Unrest Recovery Program*
MPUC Docket No. E-002/M-20-662

I, JUDY SIGAL, hereby certify that on the 14th day of September, 2020, I e-filed with eDockets Comments of the Minnesota Office of the Attorney General—Residential Utilities Division and served a true and correct copy of the same upon all parties listed on the attached service list by e-mail, electronic submission, and/or United States Mail with postage prepaid, and deposited the same in a U.S. Post Office mail receptacle in the City of St. Paul, Minnesota.

/s/ Judy Sigal

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