COMMERCE DEPARTMENT

August 10, 2023

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, Minnesota 55101-2147

RE: **Reply Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E002/CI-17-401

Dear Mr. Wolf:

Attached are the Reply Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

> Commission Investigation to Identify and Develop Performance Metrics and, Potentially, Incentives for Xcel Energy's Electric Utility Operations submitted by Northern States Power Company, d/b/a Xcel Energy (Xcel or Company)

Northern States Power Company, d/b/a Xcel Energy (Xcel or Company) submitted Performance Based Regulation (PBR) Annual Reports on April 29, 2022, for calendar year 2021, and April 28, 2023, and Errata on July 11, 2023, for calendar year 2022. In a Notice of Comment (NOC) dated May 26, 2023, the Minnesota Public Utilities Commission (Commission) requested comments on the completeness of those two filings and identified eight additional questions. Eight parties in addition to the Department submitted Comments on July 31, 2023: 1) Center for Energy and the Environment (CEE); 2) Citizens Utility Board (CUB); 3) the Environmental Law and Policy Center (ELPC); 4) Fresh Energy (FE); 5) the Office of the Attorney General Residential Utilities Division (OAG-RUD); 6) the R Street Institute; 7) Vote Solar and 8) Xcel.

As discussed in the attached Comments, the Department reviews the Comments submitted in response to the NOC by other parties in this docket and where appropriate discusses those recommendations.

The Department is available to answer any questions that the Minnesota Public Utilities Commission may have.

Sincerely,

/s/JOHN KUNDERT
Financial Analyst

JK/ad
Attachment

Before the Minnesota Public Utilities Commission

Reply Comments of the Minnesota Commerce Department
Division of Energy Resources, Regulatory Analysis Unit

Docket No. E002/CI-17-401

I. INTRODUCTION

The Minnesota Department of Commerce, Division of Energy Resources (Department) appreciates the opportunity to provide reply comments regarding Northern States Power, d/b/a Xcel Energy's (Xcel, the Company) 2021 and 2022 Performance-Based Ratemaking Annual Reports (PBR report).

Eight parties in addition to the Department filed comments in this proceeding: 1) Center for Energy and the Environment (CEE); 2) Citizens Utility Board (CUB); 3) the Environmental Law and Policy Center (ELPC); 4) Fresh Energy (FE); 5) the Office of the Attorney General Residential Utilities Division (OAG-RUD); 6) the R Street Institute; 7) Vote Solar and 8) Xcel.

The Department will briefly summarize the seven non-Xcel parties in this section.[1] We will provide a response to all comments in the following Analysis section. We will also discuss Xcel's comments in the Analysis section.

CEE and Fresh Energy filed joint comments which included three recommendations. The Commission:

- Should accept Xcel's 2021 and 2022 Annual Performance Metric Reports.
- Take no action to set targets or establish baselines or benchmarks for metrics currently.
- Wait to consider whether it is appropriate to establish baselines or targets after the Company files its 2023 Annual Performance Metric Report in April 2024.[2]

CEE/FE referenced the significant amount of federal and state legislation that has been passed in the last few years, as well as the impact of COVID-19 on utility operations and performance data, as the reasons for proposing this delay.

CUB provided the following observations and recommendations in its comments regarding the category of Affordability metrics.[3]

- The Commission should be wary of establishing baselines or targets for some metrics when data Xcel has reported for the past three years is materially skewed by the COVID-19 pandemic.

[1] Given the length and specificity of Xcel's comments, the Department prefers to address them solely in the Analysis section of our Reply Comments.
[2] Joint Comments at p. 2.
[3] CUB Comments at p. 1.

- The Commission should consider additional data reporting to provide enhanced insights into Xcel's efforts and accomplishments in helping customers avoid disconnection.
- The Commission and parties should explore additional ways to utilize the interactive map Xcel has developed to develop one or more equity metrics, and/or to better incorporate equity principles into existing metrics.

Specifically, CUB suggested Xcel report the following additional data regarding the payment plan arrangements:

- The number of customers (and the percentage of all residential customers) who were under one or more payment plans during the reporting period;
- The percentage of payment plans that ended in default that then prompted a disconnection; and
- The average percent reduction in arrears per customer participating in a payment plan during the reporting period.

OAG-RUD focused its comments on setting targets for certain metrics in the following categories: 1) Affordability; 2) Service Reliability; and 3) Customer Service. OAG-RUD provided methods or protocols for determining targets for the following thirteen metrics:

- Rates per KWh based on total revenue, reported: (1) by customer class and (2) all classes aggregated.
- Average monthly bill for residential customers.
- Total disconnections for nonpayment for residential customers.
- Total arrearages for residential customers.
- System Average Interruption Duration Index (SAIDI).
- System Average Interruption Frequency Index (SAIFI).
- Customer Average Interruption Duration Index (CAIDI).
- Customers Experiencing Long Interruption Duration (CELID).
- Customers Experiencing Multiple Interruptions (CEMI).
- Average Service Availability Index (ASAI).
- Call center response time.
- Billing invoice accuracy.
- Number of customer complaints.

The R Street Institute (R Street) structured its comments as a response to the questions contained in the Commission's NOC. The Department appreciates R Street's approach to its comments as its facilitates our review. R Street focused on metrics listed under the "Cost Effective Alignment of Generation and Load" category in its comments. R Street also recommends the Commission:

- Accept Xcel's Annual Reports.
- Consider either modifying metrics 1-3, 4(a) and 4(b) to include aggregator programs enabled by Xcel or create a new metric to measure demand response capacity and dispatch of aggregator programs enabled by Xcel.

- Consider how well Xcel is managing its fuel cost risk. If Xcel were successful in managing this risk, the savings associated with those lower fuel costs could support a potential target and a Performance Improvement Metric (PIM).

ELPC/Vote Solar (ELPC/VS) structured its comments as responses to the questions in the Commission's NOC as well. The Department appreciates ELPC/VS's approach as its facilitates our review. Broadly speaking, ELPC/VS recommends the Commission:

- Approve Xcel's 2021 and 2022 Performance Based Ratemaking (PBR) Reports.
- Require the performance metrics and the underlying data be presented in a more user-friendly, consolidated format for stakeholders. The vehicle for that information would be an online dashboard that is updated quarterly or semi-annually.
- Require the development of a new Locational Reliability/Equity metric or metrics that analyze the reliability of customers in disadvantaged communities compared to all other customers with similar grid topologies.

ELPC/VS suggested the Commission may want to provide additional guidance on its intention to complete the process in view of the development in the regulatory environment since embarking on the metric definition in 2019. ELPC/VS also suggests the Commission will need to weigh the effects of these changes in the regulatory environment before deciding whether to establish targets and performance metrics. They also noted the importance of defining a metric that quantifies the relationship that we are seeking to understand.

II. ANALYSIS

The Department will summarize the other parties' recommendations (including Xcel's) within the format of the issue and topics included in the Commission's NOC and provide a response.

A. WHAT ACTION SHOULD THE COMMISSION TAKE ON PERFORMANCE-BASED RATEMAKING FOR XCEL ENERGY INCLUDING XCEL'S 2021 AND 2022 PERFORMANCE-BASED RATEMAKING ANNUAL REPORT (PBR REPORT)?

Several of the parties recommended or supported the idea of pausing the PBR proceeding for some period. For example, CEE/FE expressed concerns about the quality of the data the Company has collected over the past three years due to the influence of the COVID-19 pandemic on Xcel's business.[4,5] In addition, CEE/FE referenced the amount of legislation that has been passed at both the state and federal levels during the past few years and expressed concerns that the policies included in those various efforts may affect and inform many of the performance metrics the Commission has identified. Given these developments, CEE/FE recommended the Commission not set baselines or targets at this time, but rather wait until 2024 to determine if adequate information exists to identify baselines and targets. CEE/FE also recommended the Commission ask stakeholders to do a full review of the current metrics to determine if any changes are needed to align with the effects of those policy changes.

[4] CUB also expressed concerns regarding Xcel's data specifically related to residential disconnections and arrearages.
[5] ELPC/VS also discussed this topic at length in its comments, although it did not make a recommendation.

Xcel expressed similar concerns regarding the setting of baselines and targets in its comments.[6] The Department did not specifically reference the effects of new policies on setting baselines or targets, but rather noted that there had been many similar proceedings in other states related to PBR and that the Commission might want to take the time to review that information to determine if scope and population of metrics in Xcel's PBR are consistent with those identified in other jurisdictions.

The Company also suggested the Commission identify a goal or goals for the PBR process.[7] The Department supports Xcel's suggestion. The Department noted in its comments that it identified a pre-existing two-tiered methodology during its review of the reliability and customer service quality metrics in this proceeding. Baselines and targets have been set in Service Reliability and Service Quality Annual Reports (SRSQ Reports) or in Commission rules or the Company's Quality of Service Program (QSP) tariff for several years. A process in which the Commission identified a limited number of metrics in Xcel's various regulatory proceedings, such as its SRSQ Reports and electric integrated resource plans (Electric IRP) could limit the data collection and review process needed in the PBR proceeding. This would allow the Commission to focus on setting baselines and targets for those metrics "imported" from other proceedings as well as for any metrics specifically calculated in the PBR. It would allow the Commission to set baselines and targets for all the metrics within the context of the PBR proceeding. This approach also would allow the Commission to consider and balance trade-offs between affordability, reliability, customer service quality and environmental concerns necessary to develop a PBR outcome similar in scope to one developed using cost-of-service regulation.

B. TOPICS

1. *Should the Commission accept Xcel's 2021 and 2022 PBR Annual Reports? Do Xcel's reports address the requirements set forth by Commission Orders in this docket, including but not limited to:*
   a. *Future metrics?*
   b. *Development of an online utility performance dashboard?*
   c. *Data collection on and/or reductions in upstream methane emissions?*

Regarding the question of whether the Commission should accept Xcel's 2021 and 2022 PBR Reports, six of the eight non-Xcel parties (including the Department) recommended the Commission accept the Company's 2021 and 2022 PBR Reports.[8] Given that none of the parties provided a rationale for not approving the 2021 and 2022 PBR Reports, the Department keeps its existing recommendation to accept the Company's 2021 and 2022 PBR Reports.

[6] Xcel comments p. 7.
[7] Xcel comments p.8.
[8] CUB and the OAG-RUD didn't comment on that question.

a. Future Metrics

The Department defines the term "future metrics" to include Commission approved pre-existing metrics which are not yet producing data, new potential metrics the Commission may want to take under consideration and adjustments to existing metrics.

i. Approved Future Metrics

Xcel identified two approved future metrics in its 2021 and 2022 PBR Reports – Momentary Average Interruption Frequency Index (MAIFI) and Power Quality in its comments. The Department also referenced those same two future metrics in its comments.

ii. Potential New Metrics

The Company identified a new metric which it placed in the Affordability category. This new metric is titled: "Decreasing Customer Disconnections in Identified Areas of Concentrated Poverty". This new metric will use information provided in the Company's interactive map as well as information from Xcel's new Advanced Metering Infrastructure (AMI) system to apply focused out-reach efforts that will help customers apply for Low-Income Home Energy Assistance Program (LIHEAP).

CUB recommended the development of one or more new metrics related to locational reliability, customer service quality and equity but did not identify any specific metrics. CUB also recommended new reporting requirements associated with residential customer payment plans:

a. The number of customers (and the percentage of all residential customers) who were under one or more payment plans during the reporting period;
b. The percentage of payment plans that ended in a default that then prompted a disconnection; and
c. The average percent reduction in arrears per customer participating in a payment plan during the reporting period.

ELPC/VS also recommended the Commission adopt a locational reliability/equity metric. Like CUB, it did not identify a specific metric or metrics.

R Street proposed a new metric related to Xcel minimizing its fuel cost expenses.

Four parties did not recommend developing future metrics; 1) CEE; 2) the Department; 3) Fresh Energy; and 4) the OAG-RUD.

The Department supports Xcel's proposed new metric "Decreasing Customer Disconnections in Identified Areas of Concentrated Poverty". We also support ELPC/VS and CUB's recommendations to adopt a locational reliability/equity metric, and believe Xcel's proposed metric may be consistent with those recommendations. The Department recommends waiting for additional information from an ongoing pilot program before considering R Street's proposed metric. While the Department shares CUB's concerns about payment plans, the Department did not attempt to reconcile the reporting requirements CUB is requesting with the existing reporting requirements for customer disconnections Xcel included in its comments at pages 20 through 23.

iii. Adjustments to Existing Metrics

Xcel proposed aligning its carbon dioxide mass emissions baseline and target setting. The Company is proposing to use its most recent Electric IRP and aligning targets with emissions levels derived from the State of Minnesota's carbon-free electricity standard. In addition, the Company recommended a second future target for beneficial electrification. This future target would be for the metric titled: "Carbon dioxide emissions avoided by electrification of buildings, agriculture, and other sectors". Xcel is proposing an initial baseline of zero electrification for this metric. The Company is also proposing a possible asymmetrical incentive structure to improve normalized SAIDI and SAIFI. Apparently, Xcel's proposal balances the underperformance penalties for SAIDI and SAIFI included in the QSP tariff with a reward target set at one six-year standard deviation below the three-year average for the two metrics. Xcel suggested using this approach, since it would not receive an award approximately 84% of the time.

The Department believes it can understand the benefits of aligning the CO2 mass emissions baselines with the Company's most recent IRP. The Department does have questions about the target setting portion of the metric. The Department is interested in comparing forecasted CO2 emissions to annual actual CO2 emissions. That comparison appears to be possible given the Company's discussion. The Department will discuss this issue with the Company in the hopes of improving it understanding of the proposal.

As for the remaining two adjustments, the Department will also discuss those topics with Xcel in the hopes of better understanding the concepts. The Department does not support any of the three proposals currently.

b. Development of an online utility performance dashboard

Three of the eight parties provided responses to this question: 1)the Department; 2) ELPC/VS and 3) Xcel. The Company proposed an online dashboard in its 2021 PBR Report. Xcel supports a stationary image updated annually that includes the results of five performance metrics: a) Average Monthly Bills for Residential Customers; b) System Average Interruption Duration Index (SAIDI);
c) Number of Customer Complaints; d) Total carbon emissions by (1) utility-owned facilities and PPAs and (2) all sources; and e) Demand response, including (1) capacity available (MW & MWh). The dashboard would also include five years of historical information for those five metrics. In its Comments, Xcel noted that it would develop cost estimates for any proposal the Commission decides to pursue.

ELPC/VS recommended the performance metrics and user-data be presented in a more user- friendly consolidated format for stakeholders and that the data be updated quarterly or semi-annually. ELPC/VS appears to have identified administrative efficiency for stakeholders as being the primary benefit associated with this approach.

The Department recommended the Commission proceed with the development of an online dashboard with a stationary image updated annually in its Comments. The Department also recommended the Commission adopt four of the five performance metrics Xcel identified in its 2021 PBR Report. The metric the Department recommended be removed is the Number of customer complaints. While this metric is an important indicator of service quality, the Department doesn't believe the historical comparison to Xcel-only information is as useful to an Xcel ratepayer as the annual comparative customer satisfaction information included in the J.D Power benchmarks filed under the Existing Multi-Sector metric under the Customer Service category.[9]

As the Department has noted previously in this docket, which type of dashboard is preferable depends on the assumed target audience. If one assumes a target audience that consists of residential and small commercial customers who simply want to check a few performance metrics, then the Company's proposed dashboard, or the Department's proposed modification to that dashboard could be considered reasonable. If the dashboard's audience is primarily other stakeholders who comment periodically on various Commission dockets, then a public dashboard that is updated more frequently and includes data consistent with ELPC/VS's recommendation would be preferable. The Department's recommendation is premised on the assumption the Commission would prefer a dashboard aimed at a more general audience of residential and small commercial customers. If that is not the case, then ELPC/VS's recommendation may be preferable. Absent that knowledge, the Department continues to support its original recommendations without modification.

c. Data collection on and/or reductions in upstream methane emissions

Only Xcel and the Department provided responses to this question.

Xcel did provide a detailed discussion in its 2022 PBR Report on pages 18 to 21 on the topic of upstream methane emissions for two of the methane-related metrics.[10] The Company concluded: "adequate data on upstream methane is not available to support utility-specific reporting".[11] The Company recommended continuing to report those two metrics, but to move the primary reporting for them from the PBR proceeding to an appropriate natural gas docket.

[9] The Department prefers Residential Customer Satisfaction for the title of this metric and will use that designation in these comments.

[10] Those two metrics are; 1) availability of data specific to its gas suppliers on upstream methane emissions; regulation of methane emissions upstream of the Company's distribution system, and the Company's position on such regulations; participation in voluntary initiatives to quantify and reduce methane from gas suppliers; any certified gas purchases; pilots with gas marketers to track and source gas with lower associated methane emissions; and any other actions the Company has taken to secure data on and/or reduce upstream methane emissions. No later than 2024, the Company will re-evaluate data available on upstream methane to consider feasibility of reporting methane emissions attributable to total natural gas purchases across the full fuel cycle (from drilling to the end-use: and 2) Xcel must include in its report, once the Commission has determined adequate data on upstream methane is available to support utility-specific reporting of such emissions, methane emissions across the full fuel cycle in its calculation of greenhouse gas emissions avoided by electrification of buildings, agriculture, and other sectors.

[11] 2022 PBR Report at p. 21-22.

The Department's review of the information Xcel provided regarding these two metrics and a methane emissions fee included in the federal legislation commonly referred to as the "Inflation Reduction Act" lead the Department to request that Xcel discuss how a methane emission's fee can be reconciled with the current method for determining the environmental costs of methane for a specific utility in an update the Company will file in its 2024 PBR Report.

The Department also suggested in its response to Commission question #7 in its Comments that those two methane-related emissions metrics might be better suited for a natural gas IRP proceeding rather than this proceeding.

The Department's agrees with Xcel that it would be appropriate to report the information resulting from these methane-emissions related metrics in an appropriate natural gas docket.

2. *From the three years of data that have been filed for each metric, how should a single baseline value be calculated? Please explain your reasoning and provide calculations of the baseline for reach metric.*

CUB, the Department and Xcel provided responses relevant to this issue. CUB cautioned the Commission that the three years of data Xcel has provided in this proceeding may be skewed due to the COVID-19 pandemic. Thus, the Commission should be wary of using that information to set baselines for any of the metrics.

Xcel declined to identify a standard approach for calculating each metric's baseline. The Company also had concerns regarding the development of baselines for environmental performance metrics as those metrics have targets, but no baselines. Xcel did provide an updated Attachment A to its Comments. The Company listed benchmarks for nineteen metrics or sub-metrics in that attachment.

The Department also declined to support a standardized approach for determining each metric's baseline. The Department attempted to identify pre-existing benchmarks when possible. It identified nine metrics with what it considered to be pre-existing benchmarks or a calculation that would provide a baseline. In addition, the Department calculated baselines using a three-year historical average for seven metrics, several of which included multiple sub-metrics and two metrics that had more than three-years of data and four additional metrics that required more tailored or involved calculations for baselines. By the Department's calculation it provided baselines for 22 metrics.

The OAG-RUD also identified baselines for thirteen metrics. Those baselines were derived from pre-existing benchmarks or targets. The Department and the OAG-RUD agree on some of the baselines the OAG-RUD have identified and disagree on others.

Attachment A includes a table which summarizes the baselines proposed by the Department, the OAG-RUD and Xcel.

A review of Attachment A suggests:

- The Department, OAG-RUD and Xcel are in general agreement regarding baselines for the following metrics: 1) Call center response time; 2) Billing invoice accuracy; and 3) Number of customer complaints.
- The Department and the OAG-RUD are in general agreement regarding baselines for the following two metrics: 1) Rates per KWh; and 2) Average monthly residential bill.
- The Department and the OAG-RUD have identified different baselines for: 1) Total disconnections for non-payment for residential customers; and 2) Total arrearages for residential customers. The Department prefers its baseline calculation relative to the OAG-RUD's.
- Xcel is proposing to establish future carbon dioxide baseline for the Total carbon emissions metric by using the Company's most recent Integrated Resource Plan (IRP) consistent with standards yet to be established with the State of Minnesota's carbon-free electricity standard requirements.
- Xcel is not proposing baseline metrics for the following metrics: 1) Carbon intensity (emissions per MWh); 2) Total criteria pollutant emissions; and 3) Criteria pollutant emission intensity per MWh. The Company noted in Attachment A that these three metrics are all related to the total carbon dioxide reduction metric.
- The Company is proposing to move the three methane-emissions related metrics to an appropriate natural gas docket. Xcel notes that this PBR proceeding relates to the Company's electric department, so it is not appropriate to set baselines or targets for the natural gas department.
- Xcel is also requesting to remove the Load factor net of variable renewable generation sub-metric or calculation from the Integration of customer load with utility supply – Amount of demand response that SHEDS loads.
- The Company also requests the Commission move the Workforce transition metric to the IRP docket as it represents duplicative reporting.

The Department supports Xcel's request to move the Workforce transition metric. We noted in our Comments that is might be reasonable to move the methane-related metrics to a natural gas IRP process mostly because of administrative efficiency. The Department had not identified the electric versus natural gas department distinction Xcel referenced.

As for Xcel's other proposed changes, while the Department supports minimizing the number of metrics, we have not had the time to review the Company's proposed changes to the four emissions metrics, and the load factor net of variable generation sub-metric. Hence, the Department does not have a recommendation regarding those proposals.

The Department and Xcel differ on the baselines for SAIDI, SAIFI and CAIDI that are calculated by IEEE. The Department considers the summary information IEEE provides to be the annual comparative baseline. Xcel defines the baselines for SAIDI and SAIFI as the Commission's goals for those metrics from the Company annual SRSQ report.[12] Xcel also appears to include the goals from the QSP related to the

[12] Those goals being IEEE Second quartile performance for large utilities for Statewide, East and West Metro work centers, second quartile performance for medium utilities for Northwest and Southeast work centers.

$1.0 million disincentives for those three metrics. The Department considers those QSP tariff-related standards to be targets which Xcel must achieve to avoid triggering a disincentive.

The upshot of this review suggests there are enough metrics with historical baselines that could be included in the PBR if the Commission wants to take that step.

3. For which metrics, if any, should the Commission set targets and why?

Several intervenors responded to this question. ELPC/VS referenced the significant developments that have occurred over the past three years that warrant further consideration before the Commission considers targets.[13] ELPC/VS did not identify any specific targets or any calculation for determining targets.

The Department used the same approach for setting targets as it had for determining baselines. The Department identified or calculated targets for seventeen metrics. They included: 1) the current targets for SAIFI, SAIDI and CAIDI discussed that require second quartile performance by work-center and the QSP targets for SAIFI and SAIDI. 2) the existing targets for CELID and CEMI in the QSP; 3) a target for the Average System Availability Index (ASAI) metric that is consistent with the pre-existing SAIDI target; 4) the non-reliability-related electric-related metrics with targets included in the Company QSP tariff: a) call center response time; b) billing invoice accuracy; and c) number of customer complaints.

The Department also suggested the Commission set the targets for the four of the emissions related metrics, [14] as well as the Rates per KWh and Average monthly residential bill metrics at five percent below the baseline amounts for those two metrics. The targets for the four emissions-related metrics should be the annual value for the metric taken from the Company's most recent IRP for the concurrent year. For the Rates and Average Bill metrics, the Department references Minn. Stat. 216C.05, Subd 2 (4) as basis for the selection of this target. The statute states: "It 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. While the Department recognizes this reference is to an energy policy goal, we still consider it a reasonable target for these metrics.

The final metric for which the Department identified a target was the Demand Response metric. Xcel has been reporting this metric for around twenty (20) years. The Department concluded that the Commission had set a target for that metric in the Company's 2015 IRP proceeding and calculated a baseline associated with that metric.

The OAG-RUD focused its comments on setting targets for the thirteen metrics listed under the "Affordability", "Reliability", and "Customer Service Quality" categories. Determining targets required the OAG-RUD to also identify baselines for those same metrics.

[13] Those two developments were the passage of the Infrastructure and Jobs Act (IIJA) and the growth in distributed generation.

[14] Total carbon emissions by utility-owned and all sources, Carbon intensity by utility owned and all sources, Total criteria pollutants, and Criteria pollutant emissions intensity.

R Street focused its discussion on the "Cost Effective Alignment of Generation and Load" metrics. This category contains four metrics. R Street noted Xcel's performance for this category of metrics had not improved significantly over the past three years and that the use of Demand Aggregators might help customers to Shed, Shape and Shift load to improve those metrics. R Street also supported Xcel receiving a reward for facilitating the development of those metrics. This would allow the Company to move beyond the use of demand response primarily for emergency purposes.

Xcel provided a lengthy discussion regarding the appropriate methodology for setting targets. The Company identified peer benchmarking, a utility's historical performance, federal and state goals and policies and Commission Orders as potential sources for targets. Xcel also suggested that targets should include a symmetrical dead band around the baseline of one standard deviation from the target baseline with no penalty or reward. For results that are two or more standard deviations from the baseline, the Company suggests a penalty or reward may be appropriate. In addition, Xcel believes targets should be set using long-term goals and need not be continuously moved. The Company also supports varying the target if circumstances regarding the underlying metric change materially.

The Department agrees with Xcel's discussion regarding the appropriate methodology for setting targets. As for the Company's proposal to use a one or two standard deviations as the basis for setting targets, the Department has not had an adequate amount of time to review that concept. Thus, we neither support nor oppose it. The same can be said for Xcel's statement regarding long-term goals, the proposal that those goals need not be continuously moved and the varying of a target due to changing circumstances.

The Department attempted to calculate or identify a fairly large number of targets for the different metrics. Our goals were to make other parties aware of the existence of targets associated with various metrics and to facilitate discussion around the process for setting targets. Hence the Department's efforts to provide a reasonable approach for identifying baselines and targets in its Comments.

4. *Where ere applicable, by what methodology should targets be set? How often should targets be reviewed and potentially updated?*

The Department, OAG-RUD and Xcel were the three parties that explained their methodologies for setting targets for certain metrics. The Department noted that it had not identified a consistent or standard methodology for setting initial targets for metrics that did not have existing targets or metrics for which existing information was readily available.

Attachment B includes a table which summarizes the methodologies the Department, OAG-RUD and Xcel used to calculate or provide targets or potential targets for the various performance metrics as well as any specific targets identified or calculated.

Regarding how often targets should be reviewed and potentially updated, Xcel suggested every three-years. The Department considers a three-year review to a good balance between consistency from year to year, but ensuring targets remain up-to-date and reasonable.

5. Where applicable, what are the appropriate targets for the metrics?

The Department and Xcel consider the targets (and disincentives) included in the QSP tariff to be appropriate. The OAG-RUD is proposing higher targets for three customer service-related metrics included in the QSP:

1) Call center response time whose target would increase from 80 percent of calls answered within 20 seconds to 90 percent of calls answered with 20 seconds;
2) Billing invoice accuracy whose target would increase from 99.3% accurate invoices to 99.8% accurate invoices; and
3) Number of customer complaints whose target will decrease from 0.2059 complaints per 1,000 customers to 0.1500 complaints per 1,000 customers.

The OAG-RUD is also proposing the Commission identify targets for the six reliability-related metrics using three-years of historical data, four of which are included in the QSP.[15] The Department considers the IEEE benchmarks for Xcel for SAIDI, SAIFI and CAIDI included in the Company's SRSQ to be targets as well.

Regarding the four affordability-related metrics, the Department, and the OAG-RUD both appear to agree that the target for the Rates per KWh and Average Residential Monthly Bill should be equal to five percent below the national average. OAG-RUD also proposes a joint goal for the: 1) Total disconnections for nonpayment for residential customers; and 2) Total arrearages for residential customers metrics. The common goal would be to lower the number of disconnections and the amount in arrears simultaneously for the next several years.

The Department:

- Agrees with OAG-RUD's proposed targets for the Rates per KWh and Average monthly bill for residential customers.
- Supports OAG-RUD's position that the Commission identify improvements in both the targets for the Total disconnections for non-payment for residential customers and the Total arrearages for residential customers.
- Does not support OAG-RUD's recommended approach of using a three-year historical average for calculating the six reliability related metrics targets. From the Department's perspective, performance-based ratemaking is a potentially powerful and nuanced alternative to cost-of-service regulation. Consequently, while the Department supports setting benchmarks and targets whenever possible, we believe targets for those reliability-related metrics require further discussion.
- Does not support OAG-RUD's proposed targets for the following metrics: 1) Call center response time; 2) Billing invoice accuracy; and 3) Number of customer complaints. Like the Department's response regarding the reliability-related metrics, the Department believes the targets for those three metrics merits further discussion and analysis.

[15] Those include: 1) SAIDI; 2) SAIFI; 3) CAIDI; 4) CELID; 5) CEMI; and 6) ASAI.

The Department also recommended the Commission set initial targets for four of the seven emissions-related metrics for which it calculated baselines in its Comments. The targets for those four metrics would be the annual value for the metric taken from the Company's most recent IRP for the concurrent year. For its part, Xcel proposed a methodology that appears to be very similar to the one proposed by the Department for calculating the Total carbon emissions by all sources metric, but declined to set metrics for three additional emissions-related metrics stating that those metrics were merely extensions of the carbon dioxide reduction metric.[16] The Department asks Xcel to provide more information on this proposal in its 2024 Annual PBR Report.

The Department does not support R Street's position regarding the need for third-party demand aggregators. In Docket No. E999/CI-22-600, which R Street referenced in its comments, the Department recommended the Commission not permit third-party aggregators to bid demand response into organized markets and take no other action. The Department's comments filed on March 13, 2023, and April 10, 2023, in that proceeding discuss the Department's rationale for these recommendations. By extension, the Department also doesn't support R Street's proposal to revisit the four metrics included in the "Cost-Effective Alignment of Generation and Load" discussed in its comments.

6. *What action should the Commission take on reporting the Company's Workforce Transition Plan in docket no. E002/M-22-265 rather than the instant docket?*

Both Xcel and the Department recommend the Commission transfer the Workforce Transition Plan metric to a separate docket (Docket No. E002/M-22-265). No other party responded to this question.

7. *How should the Commission evaluate the metrics that do not yet have three years of baseline data?*

The Department suggests the Commission not attempt to evaluate metrics that do not yet have three years of baseline data. This round of comments has identified several policy and procedural issues. The Commission's resources might be better spent providing direction to parties as they try to sort out how to evaluate the metrics that already have baselines and targets such as those found in the QSP tariff. No other party provided a response to this question directly, although positions recommending the Commission delay the proceeding did provide an implicit recommendation.

8. *Are there other issues or concerns related to this matter?*

ELPC/VS and R Street responded to this question. ELPC/VS recommended the Commission adopt a locational/reliability/equity metric and direct the Company to use the information provided by the locational/reliability/equity metric as a tool in its distribution system planning process. R Street suggested the Commission consider adding a metric that calculates the increases in customer bills due to generation fuel increases. R Street's thinking is that if Xcel can reduce it fuel cost risk, those savings to customers might provide the basis for a performance incentive mechanism or PIM.

The Department supports ELPC/VS recommendation regarding the inclusion of a locational/reliability/equity metric and Xcel has already identified a potential metric in this round of comments. The Department is agnostic regarding ELPC/VS's suggestion the Commission direct Xcel to

[16] The three metrics are: 1) Carbon intensity by utility owned sources and all sources; 2) Total criteria pollutants by utility owned sources; and 3) Criteria pollutant emissions intensity.

use information from the locational/reliability/equity metric in its distribution system planning. As for R Street's proposed new metric, the Department notes the Commission addressed a very similar issue in its "Investigation into the Appropriateness of Continuing to Permit Electric Energy Cost Adjustments", Docket No. E999/CI-03-802 This proceeding resulted in the implementation of a new fuel clause adjustment process on January 1, 2020. This new process includes an annual forecast and a true-up process. We suggest waiting to see the results of that pilot before pursuing R Street's suggestion. Conceptually, the Department can see the value of R Street's proposal.

III. RECOMMENDATIONS

The Department lists its responses to the Commission's questions in the NOC and a discussion of other parties' recommendations or suggestions.

A. WHAT ACTION SHOULD THE COMMISSION TAKE ON PERFORMANCE-BASED RATEMAKING FOR XCEL ENERGY, INCLUDING XCEL'S 2021 AND 2022 PERFORMANCE-BASED RATEMAKING ANNUAL REPORT (PBR REPORT)?

The Department did not specifically respond to this question in its Comments filed July 31, 2023. Several parties have recommended pausing the process for twelve months or potentially longer. If the Commission decides to pursue that option, the Department recommends it use that interval to:

1. Accept the Company's 2021 and 2022 PBR Annual Reports.
2. Approve the development of an online public dashboard with a stationary image updated annually with the following five performance metrics: a) Average Monthly Bill for Residential Customers; b) System Average Interruption Duration Index (SAIDI); c) Residential Customer Service; d) Total carbon emissions by (1) utility-owned facilities and PPAs and (2) all sources and e) Demand response, including (1) capacity available (MW & MWh).
3. Approve the Company's request to move the Workforce Transition Plan metric to a separate proceeding.
4. Remove the Demand response performance incentive metric from its list as this metric/incentive appears to have been moved to the Conservation Improvement Plan.
5. Direct Xcel to provide a proposal for the future of the QSP tariff and how the Commission might incorporate the targets for the metrics identified in that tariff in its 2024 Annual PBR filing.
6. Review the existing scope and population of metrics in this proceeding with other state-level PBR proceedings to determine if either the scope or population of metrics should be modified before continuing to the baseline and target setting phase of the process.
7. Identify a goal or goals for the PBR process.
8. Consider how a PBR plan would interact with other Commission proceedings such as the Service Reliability and Service Quality (SRSQ) and the Integrated Resource Plan (IRP) processes.

If the Commission decides to move forward with the existing process, the Department makes the following recommends in response to the Commission question listed by number.

B. *TOPICS*

1. *Should the Commission accept Xcel's 2021 and 2022 PBR Annual Reports? Do Xcel's reports address the requirements set forth by Commission Orders in this docket, including but not limited to:*
   a. *Future metrics?*
   b. *Development of an online utility performance dashboard?*
   c. *Data collection on and/or reductions in upstream methane emissions?*

The Department recommends the Commission:

a. Accept the Company's 2021 and 2022 PBR Annual Reports.
b. Approve the inclusion of a new future metric related to locational/reliability/equity as proposed by Xcel and supported by ELPC/VS.
c. Approve the development of an online public dashboard with a stationary image updated annually with the following five performance metrics: a) Average Monthly Bill for Residential Customers; b) System Average Interruption Duration Index (SAIDI); c) Residential Customer Service; d) Total carbon emissions by (1) utility-owned facilities and PPAs and (2) all sources and e) Demand response, including (1) capacity available (MW & MWh).
d. Continue to require reporting on the methane-emissions related metrics until such time that the Commission has identified an appropriate natural gas docket for reporting those metrics.

2. *From the three years of data that have been filed for each metric, how should a single baseline value be calculated? Please explain your reasoning and provide calculations of the baseline for reach metric.*

None of the parties identified a standard approach for calculating baselines. The Department reviewed the different proposed baselines identified by the Department, the OAG-RUD, and the Company. The Department recommends the Commission:

a. Use the pre-existing baselines for the following three metrics: i) Call center response time; ii) Billing invoice accuracy; and iii) Number of customer complaints.
b. Direct Xcel to provide a methodology for calculating the Rates per KWh metric benchmark using Energy Information Administration or EIA rates information for all customer classes and in aggregate.
c. Direct Xcel to provide a proposal for the future of the QSP tariff, and how the Commission might incorporate the targets for the metrics identified in that tariff in its 2024 Annual PBR filing.
d. Direct Xcel to include in its 2023 Annual PBR Report:
   i. a discussion of its proposed to establish future carbon dioxide baseline for the Total carbon emissions metric by using the Company's most recent IRP information.

ii. A discussion of its proposal not to develop baselines for the following metrics: a) Carbon intensity (emissions per MWh); 2) Total criteria pollutant emissions; and 3) Criteria pollutant emission intensity per MWh.
iii. A discussion of its proposal to move the three methane-related emissions metrics to an appropriate natural gas docket.
iv. A discussion of its proposal to remove the Load factor net of variable renewable generation sub-metric or calculation from the Integration of customer load with utility supply – Amount of demand response that SHEDS load metric.

e. Adopt the pre-existing baselines and targets for the following five metrics: 1) SAIDI; 2) SAIFI; 3) CAIDI; 4) CELID; and 5) CEMI.
f. Approve the use of converted IEEE SAIDI information to determine the baseline for ASAI, and then adopt the same target as it currently has for SAIDI.
g. Rename the metric currently titled Existing multi-sector metric to Residential customer satisfaction.
h. Discontinue the requirement that Xcel provide information from the American Consumer Satisfaction Index for the Residential customer satisfaction metric.
i. Adopt the fiftieth (50th) percentile of the J.D. Power annual residential customer survey as the baseline for the Residential customer satisfaction metric.
j. Adopt Xcel's proposed rolling 3-year weighted average for the CO2 emissions avoided – transportation metric.

Given Xcel's discussion of using information from its IRP for the various emissions-related metrics, the Department will not recommend baselines for those four metrics. Rather, the Department will review the information Xcel provides in its 2023 Annual PBR Report before recommending baselines for those metrics. In addition, the Department will not recommend a baseline for the Demand response, including capacity available (MW & MWh).

3. For which metrics, if any, should the Commission set targets and why?

The Department reviewed the different proposed baselines identified by the Department, the OAG-RUD, and the Company. The Department recommends the Commission:

a. Adopt the current targets for SAIFI, SAIDI and CAIDI discussed that require second quartile performance by work-center and the QSP targets for SAIFI and SAIDI.
b. Adopt the existing targets for SAIFI, SAIDI, CELID and CEMI in the QSP.
c. Adopt a target for the Average System Availability Index (ASAI) metric that is consistent with the pre-existing SAIDI SRSQ target.
d. Adopt the non-reliability-related electric-related metrics with targets included in the Company QSP tariff: i) call center response time; ii) billing invoice accuracy; and iii) number of customer complaints.
e. Adopt a target of five percent below the national average for the i) Rates per KWh; and 2) Average residential monthly bill metrics.

4. *Where applicable, by what methodology should targets be set? How often should targets be reviewed and potentially updated?*

The Department didn't identify a consistent methodology for setting initial targets for metrics not having existing targets or targets for which existing information was readily available. No other party provided a discussion on this topic either.

As to the question of how often targets should be reviewed and potentially updated, the Department considers a three-year review to a good balance between consistency from year to year, but ensuring targets remain up-to-date and reasonable.

5. *Where applicable, what are the appropriate targets for the metrics?*

Attachment B contains a list of the metrics and proposed targets from the Department, OAG, and Xcel. That document provides the best summary of the Department's proposed targets.

6. *What action should the Commission take on reporting the Company's Workforce Transition Plan in docket no. E002/M-22-265 rather than the instant docket?*

The Department recommends the Commission transfer the Workforce Transition Plan metric to a separate docket (Docket No. E002/M-22-265).

7. *How should the Commission evaluate the metrics that do not yet have three years of baseline data?*

The Department suggests the Commission not attempt to evaluate metrics that do not yet have three years of baseline data. This round of comments has identified several policy and procedural issues. The Commission's resources might be better spent providing direction to parties as they try to sort out how to evaluate the metrics that already have baselines and targets such as those found in the QSP tariff.

8. *Are there other issues or concerns related to this matter?*

The Department:

a. Supports ELPC/VS recommendation regarding the inclusion of a locational/reliability/equity metric and Xcel has already identified a potential metric in this round of comments.
b. Is agnostic regarding ELPC/VS's suggestion the Commission direct Xcel to use information from the locational/reliability/equity metric in its distribution system planning.
c. Notes the Commission is amid piloting a new the Fuel Cost Adjustment (FCA) process because of its work in Docket No. E999/CI-03-802. The Department suggests waiting to see the results of that pilot before pursuing R Street's suggestion to include a future metric on this topic.

Attachment A – Comparison of Department, OAG-RUD and Xcel Proposed Baselines by Metric

Line No.	Outcome/ Metric Description	Department	OAG-RUD	Xcel
	Affordability			
1.	Rates per kWh based on total revenue, reported: (1) by customer class and (2) all classes aggregated	Annual National EIA rates by customer class adjusted for the Commission metrics requirements. U.S Total Rates by Class for last year reported	EIA rate information	Average rate by customer class and all classes aggregated calculated using information in Electric Tariff Book. Extrapolating from Xcel's proposed public dashboard comparison would be historical – Xcel's similar rates from a prior year or years.
2.	Average monthly bill for residential customers	U.S National EIA residential rates for last year reported multiplied by Xcel's average monthly residential usage	Calculate average residential bill using Xcel's average monthly usage and EIA rate information	Average monthly residential bill calculated using information in Electric Tariff Book. Extrapolating from Xcel's proposed public dashboard comparison would be historical – Xcel's similar rates from a prior year or years.
3.	Total disconnections for nonpayment for residential customers	Modified five-year average – 2016 through 2019 and 2022. Adjusted to remove effect of pandemic	Three-year historical average.	Not available
4.	Total arrearages for residential customers	Modified five-year average – 2016 through 2019 and 2022. Adjusted to remove effect of pandemic	Three-year historical average.	Not available
	Reliability			
5.	System Average Interruption Duration Index (SAIDI)	Institute of Electrical and Electronic Engineers (IEEE) annual benchmark data Calculated using data collected from multiple electric utilities	Most recently reported data for this metric used to calculate three-year average performance baseline.	IEEE Second quartile performance for large utilities for Statewide, East and West Metro work centers, second quartile performance for medium utilities for Northwest and Southeast work centers, and less than 133.23 minutes with disincentive of $1.0 million annually for exceeding target

6.	System Average Interruption Frequency Index	IEEE annual benchmark data calculated using data collected from multiple electric utilities	Most recently reported data for this metric used to calculate three-year average performance baseline.	IEEE Second quartile performance for large utilities for Statewide, East and West Metro work centers, second quartile performance for medium utilities for Northwest and Southeast work centers, and less than or equal to 1.21 outage events with disincentive of $1.0 million annually for exceeding target
7.	Customer Average Interruption Duration Index (CAIDI)	Institute of Electrical and Electronic Engineers (IEEE) annual benchmark data Calculated using data collected from multiple electric utilities	Most recently reported data for this metric used to calculate three-year average performance baseline.	Annual Rules Normalized: Baseline set to the three- year average
8.	Customers Experiencing Long Interruption Duration (CELID)	CELID 4, 5 and 6 - Calculations provided in Xcel's annual Service Quality and Service Reliability (SQSR) Report and Quality of Service (QSP) compliance filing	Most recently reported data for this metric used to calculate three-year average performance baseline.	For each interruption lasting more than 24 hours, customer receives $50 credit from QSP tariff
9.	Customers Experiencing Multiple Interruptions (CEMI)	CEMI 4, 5 and 6 - Calculations provided in Xcel's annual SQSR Report and QSP compliance filing	Most recently reported data for this metric used to calculate three-year average performance baseline.	A $50 credit to customers experiencing six or more interruptions in a year; Provides a credit for customers who have continuously resided at an address experiencing consecutive years of interruptions according to the below terms: • A $75 credit to customers experiencing five or more interruptions in two consecutive years; • A $100 credit to customers experiencing four or more interruptions in three consecutive years; and • A $125 credit to customers experiencing four or more interruptions in four or more consecutive years. * Large municipal pumping customers on the A41 Tariff receive $200 credits for each outage

				unrelated to MEDs lasting more than one minute per year. Similarly, small municipal pumping customers on the A40 Tariff receive $100 credits for each outage unrelated to MEDs lasting more than one minute per year – from QSP tariff
10.	Average Service Availability Index	Modified IEEE SAIDI annual benchmark data	No baseline identified	Annual Rules Normalized: Baseline set to the three- year average
11.	MAIFI	Not calculated – insufficient data	Not included	Not applicable
12.	Power Quality	Not calculated – insufficient data	Not included	Not applicable
13.	Equity – Locational Reliability	Not included	Not included	Not applicable
	Customer Service Quality			
14.	Residential customer satisfaction	50th percentile for J.D. Power benchmark data, remove information from American Consumer Satisfaction Index (ACSI) from metric	Not included	Customer Satisfaction score are subjective to an immediate issue may vary from year to year. The same customer base may not be interviewed from one year to the next, providing inconsistent results. We requested removal of ACSI.
15.	Call Center Response Time	Greater than 80% of calls answered within 20 seconds	Greater than 80% of calls answered within 20 seconds	80% of call answered in 20 seconds or less - includes Residential, BSC, Credit, PAR, all calls handled by IVR.
16.	Billing Invoice Accuracy	Greater than 99.3% accurate	Greater than 99.3% accurate	% of correctly billed invoices greater than or equal to 99.3%.
17.	Number of Complaints	Number of customer complaints less than 0.2059 complaints per 1,000 customers	Number of customer complaints less than 0.2059 complaints per 1,000 customers	Number of MPUC Complaints < Number of Customers/1000 x 0.205
	Environmental Performance			
18.a	Total carbon emissions by utility-owned sources	Three-year historical average	Not included	Company proposes to establish CO2 mass emissions baseline utilizing our most recent Integrated Resource Plan (IRP) consistent with standards yet to

				be established with the State of Minnesota's carbon-free electricity standard requirements
18.b	Total carbon emissions by all sources	Three-year historical average	Not included	Same as response to 18.a
19.a	Carbon intensity by utility owned sources	Three-year historical average	Not included	Company is not proposing a baseline metric for carbon intensity. This would be unnecessary, as it is tied to the total carbon dioxide reduction metric
19.b	Carbon intensity by all sources	Three-year historical average	Not included	Same as response to 19.a
20.	Total criteria pollutants by utility owned sources	Three-year historical average	Not included	Company is not proposing a baseline metric for criteria pollutant mass emissions. This would be unnecessary, as it is tied to the total carbon dioxide reduction metric
20.a	Nitrogen Oxide	Three-year historical average	Not included	Same as response to 20
20.b	Sulfur Dioxide	Three-year historical average	Not included	Same as response to 20
20.c	Particulate Matter	Three-year historical average	Not included	Same as response to 20
20.d	Mercury	Three-year historical average	Not included	Same as response to 20
19.e	Lead	Three-year historical average	Not included	Same as response to 20
21.	Criteria pollutant emissions intensity	Three-year historical average	Not included	Company is not proposing a baseline metric for criteria pollutant intensity. This would be unnecessary, as it is tied to the total carbon dioxide reduction metric.
21.a	Nitrogen Oxide	Three-year historical average	Not included	Same as response to 21
21.b	Sulfur Dioxide	Three-year historical average	Not included	Same as response to 21
21.c	Particulate Matter	Three-year historical average	Not included	Same as response to 21
21.d	Mercury	Three-year historical average	Not included	Same as response to 21
21.e	Lead	Three-year historical average	Not included	Same as response to 21
22.	CO2 emissions avoided –	Three-year historical average	Not included	Rolling 3-year weighted average

	transportation – three sub-metrics			
22.a	Percent of EVs participating in managed charging programs on whole house rates	Three-year historical average	Not included	Rolling 3-year weighted average
22.b	Customers on EV-specific managed charging rates or are on whole-house TOU rates who have self-identified as EV owners	Three-year historical average	Not included	Rolling 3-year weighted average
22.c	Number of EVs registered in Xcel's service territory	Three-year historical average	Not included	Rolling 3-year weighted average
22.d	Percent of managed charging customers residential EV charging load occurring during off-peak hours	Three-year historical average	Not included	Rolling 3-year weighted average
22.e	Total annual energy consumed by EVs charging during off-peak hours at the residence of customers enrolled in Xcel's	Three-year historical average	Not included	Rolling 3-year weighted average

	EV TOU rates or other managed charging programs			
22.f	Total annual energy consumed by EVs charging at residences of customers enrolled in Xcel's EV TOU rates or other managed charging programs	Three-year historical average	Not included	Rolling 3-year weighted average
22.g	Carbon dioxide avoided calculated from EV charging (tons/year)	Three-year historical average	Not included	Rolling 3-year weighted average
23.	CO2 emissions avoided – buildings, agriculture, and other sectors -	Not calculated – no data	Not included	Not available
24.	Discussion of methane proposals, including proposed methodology for reporting	Calculated for Xcel Minnesota only due to lack of adequate upstream methane emissions data – three-year historical average	Not included	Company recommends moving to appropriate natural gas docket
24.a	Gas distribution system	Calculated for Xcel Minnesota only due to lack of adequate upstream methane emissions data – three-year historical average	Not included	Company recommends moving to appropriate natural gas docket
24.b	Enterprise wide	Calculated for Xcel Minnesota only due to lack of adequate upstream methane	Not included	Company recommends moving to appropriate natural gas docket

		emissions data – three-year historical average		
25.	Availability of data specific to is gas suppliers on upstream methane emissions; regulation of methane emissions upstream of the Company's distribution system, and the Company's position on such regulations; participation in voluntary initiatives to quantify and reduce methane from gas suppliers; any certified gas purchases; pilots with gas marketers to track and source gas with lower associated methane emissions; and any other actions the Company has taken to secure	No baseline calculated - Adequate data for upstream methane emissions by gas supplier is not available.	Not included	Company recommends moving to appropriate natural gas docket

	data on and/or reduce upstream methane emissions. No later than 2024, the Company will re-evaluate data available on upstream methane to consider feasibility of reporting of methane emissions attributable to total natural gas purchases across the full fuel cycle (from drilling and extraction to the end-use).			
26.	Methane emissions across the full fuel cycle in its calculation of greenhouse gas emissions avoided by electrification of buildings, agriculture, and other sectors.	No baseline calculated -Adequate data for upstream methane emissions by gas supplier is not available.	Not included	Company recommends moving to appropriate natural gas docket
	Cost Effective Alignment of Generation and Load			

27.	Demand response, capacity available and amount called	968 MW and 117 MW of incremental capacity added since 2017	Not included	Total Capacity Available 764 Gen. MW and 156,189 MWh (Actual based on called events)
28.	Amount of demand response that SHAPES customer load profiles through price response, time varying rates, or behavior campaigns	No baseline calculated – inadequate or non-existent data	Not included	Not available
29.	Amount of demand response that SHIFTS energy consumption from times of high demand to times where there is a surplus of renewable generation	No baseline calculated – inadequate or non-existent data	Not included	Not available
30.	Amount of demand response that SHEDS load that can be curtailed to provide peak capacity and supports the system in contingency events:	Capacity available – 764 MW, Amount callable – 156,189 MWh, Amount called 1671 MWh - Company noted its performance relative to this metric is declining and suggests Commission may want to re-evaluate this metric. Department decided not to calculate a baseline given results and Xcel's request.	Not included	Total Capacity Available 764 Gen. MW and 156,189 MWh, also requested to remove the Load factor for load net of variable renewable generation sub-metric.

	a) for available load; b) for actual load reduction and c) metrics that measure the effectiveness of (a) and (b) in aggregate.			
	Workforce and Community Development			
31.	Workforce Transition Plan	No baseline calculated - Xcel requested to move reporting into a new separate docket.	Not included	Requested to move this duplicative reporting to IRP Docket.
	Other Stakeholder Discussions			
32.	Public Dashboard	Department supports the Commission proceeding with the development of an online dashboard with a stationary image updated annually and also recommends the Commission adopt four of the five performance metrics Xcel identified in its 2020 PBR Report except for customer complaints. The Department supports including the J.D Power customer satisfaction information rather than Xcel customer complaint metric.	Not included	Proposed an online dashboard with a stationary image updated annually and the inclusion of five metrics with several years of historical information.
33.	Demand Response Performance Incentive	No baseline calculated - Xcel fulfilled Commission requirement. Commission did not approve the proposed incentive.	Not included	Not applicable
34.	Evaluation Criteria and Benchmarks	No baseline calculated for this metric - Xcel provided data on certain metrics but did not delineate evaluation criteria or benchmarks.	Not included	Not applicable

Attachment B – Comparison of Department, OAG-RUD and Xcel Proposed Targets by Metric

Line No.	Outcome/ Metric Description	Department	OAG-RUD	Xcel
	Affordability			
1.	Rates per kWh based on total revenue, reported: (1) by customer class and (2) all classes aggregated	Five percent below annual National EIA rates by customer class adjusted for the Commission metrics requirements. U.S Total Rates by Class for last year reported	Five percent below annual National EIA rates by customer class adjusted for the Commission metrics requirements. U.S Total Rates by Class for last year reported	No target identified
2.	Average monthly bill for residential customers	Residential rate calculated using target methodology in metric #1 multiplied by Xcel's average monthly residential usage	Residential rate calculated using target methodology in metric #1 multiplied by Xcel's average monthly residential usage	No target identified
3.	Total disconnections for nonpayment for residential customers	No target identified	A joint target for both arrearages and disconnections with both figures declining over the next several years	No target identified
4.	Total arrearages for residential customers	No target identified	A joint target for both arrearages and disconnections with both figures declining over the next several years	No target identified
	Reliability			
5.	System Average Interruption Duration Index (SAIDI)	IEEE Second quartile performance for large utilities for Statewide, East and West Metro work centers, second quartile performance for medium utilities for Northwest and Southeast work centers and less than 133.23 minutes with disincentive of $1.0 million annually for exceeding target	No target identified	Underperformance Penalty in QSP Tariff; Annual Rules Normalized: 84.35 (incentive)
6.	System Average Interruption Frequency Index	IEEE target is identical to SAIDI's and less than or equal to 1.21 outage events with disincentive of $1.0 million annually for exceeding target	No target identified	Underperformance Penalty in QSP Tariff; Annual Rules Normalized: 0.83 (incentive)

7.	Customer Average Interruption Duration Index (CAIDI)	IEEE target is identical to SAIDI's. No QSP target.	No target identified	No target identified
8.	Customers Experiencing Long Interruption Duration (CELID)	For each interruption lasting more than 24 hours, customer receives $50 credit,	No target identified	Underperformance Penalty in QSP Tariff
9.	Customers Experiencing Multiple Interruptions (CEMI)	A $50 credit to customers experiencing six or more interruptions in a year; Provides a credit for customers who have continuously resided at an address experiencing consecutive years of interruptions according to the below terms: • A $75 credit to customers experiencing five or more interruptions in two consecutive years; • A $100 credit to customers experiencing four or more interruptions in three consecutive years; and • A $125 credit to customers experiencing four or more interruptions in four or more consecutive years. * Large municipal pumping customers on the A41 Tariff receive $200 credits for each outage unrelated to MEDs lasting more than one minute per year. Similarly, small municipal pumping customers on the A40 Tariff receive $100 credits for each outage unrelated to MEDs lasting more than one minute per year – from QSP tariff	No target identified	Underperformance Penalty in QSP Tariff
10.	Average Service Availability Index	Same target as SAIFI in Annual Service Quality Report adjusted for this calculation	No target identified	No target identified
11.	MAIFI	Not calculated – insufficient data	Not included	Not applicable
12.	Power Quality	Not calculated – insufficient data	Not included	Not applicable

13.	Equity – Locational Reliability	Not included	Not included	Not applicable
	Customer Service Quality			
14.	Residential customer satisfaction	No target identified	No target identified	No target identified
15.	Call Center Response Time	Eighty (80) percent of calls answered within 20 seconds with $1.0 million disincentive for failing to meet target	Greater than 90% of calls answered within 20 seconds	Underperformance Penalty in QSP Tariff
16.	Billing Invoice Accuracy	Ninety-nine-point three (99.3) percent correctly billed invoices with $1.0 million disincentive for failing to meet target	Greater than 99.8% accurate	Underperformance Penalty in QSP Tariff
17.	Number of Complaints	Number of customer complaints less than 0.2059 complaints per 1,000 customers $1.0 million disincentive for failing to meet target	Number of customer complaints less than 0.1500 complaints per 1,000 customers	Underperformance Penalty in QSP Tariff
	Environmental Performance			
18.a	Total carbon emissions by utility-owned sources	Annual carbon emissions calculated as part of most recently approved IRP	Not included	Company proposes to establish CO2 mass emissions target utilizing our most recent Integrated Resource Plan (IRP) consistent with standards yet to be established with the State of Minnesota's carbon-free electricity standard requirements
18.b	Total carbon emissions by all sources	Annual emissions carbon intensity calculated as part of most recently approved IRP	Not included	Same as response to 18.a
19.a	Carbon intensity by utility owned sources	Annual emissions carbon intensity calculated as part of most recently approved IRP	Not included	No baseline or target identified – merely an extension of total carbon dioxide reduction metric.
19.b	Carbon intensity by all sources	Annual emissions carbon intensity calculated as part of most recently approved IRP	Not included	Same as response to 19.a

20.	Total criteria pollutants by utility owned sources	Annual criteria pollutant emissions calculated as part of most recently approved IRP	Not included	Company is not proposing a baseline or target for metric criteria pollutant mass emissions metric. This would be unnecessary, as it is tied to the total carbon dioxide reduction metric
20.a	Nitrogen Oxide	Same as response to 20	Not included	Same as response to 20
20.b	Sulfur Dioxide	Same as response to 20	Not included	Same as response to 20
20.c	Particulate Matter	Same as response to 20	Not included	Same as response to 20
20.d	Mercury	Same as response to 20	Not included	Same as response to 20
19.e	Lead	Same as response to 20	Not included	Same as response to 20
21.	Criteria pollutant emissions intensity	Annual criteria pollutant emissions calculated as part of most recently approved IRP	Not included	Company is not proposing a baseline or target for criteria pollutant intensity. This is be unnecessary, as it is tied to the total carbon dioxide reduction metric.
21.a	Nitrogen Oxide	Same as response to 21	Not included	Same as response to 21
21.b	Sulfur Dioxide	Same as response to 21	Not included	Same as response to 21
21.c	Particulate Matter	Same as response to 21	Not included	Same as response to 21
21.d	Mercury	Same as response to 21	Not included	Same as response to 21
21.e	Lead	Same as response to 21	Not included	Same as response to 21
22.	CO2 emissions avoided – transportation – eight sub-metrics	No target identified	Not included	No target identified
22.a	Percent of EVs participating in managed charging programs on whole house rates	No target identified	Not included	No target identified
22.b	Customers on EV-specific managed charging rates or are on whole-	No target identified	Not included	No target identified

	house TOU rates who have self-identified as EV owners			
22.c	Number of EVs registered in Xcel's service territory	No target identified	Not included	No target identified
22.d	Percent of managed charging customers residential EV charging load occurring during off-peak hours	No target identified	Not included	No target identified
22.e	Total annual energy consumed by EVs charging during off-peak hours at the residence of customers enrolled in Xcel's EV TOU rates or other managed charging programs	No target identified	Not included	No target identified
22.f	Total annual energy consumed by EVs charging at residences of customers enrolled in Xcel's EV TOU rates or other managed	No target identified	Not included	No target identified

	charging programs			
22.g	Carbon dioxide avoided calculated from EV charging (tons/year)	No target identified	Not included	No target identified
23.	CO2 emissions avoided – buildings, agriculture, and other sectors -	Not calculated – no data	Not included	Not available
24.	Discussion of methane proposals, including proposed methodology for reporting	No target identified	Not included	No target identified Company recommends moving to appropriate natural gas docket
24.a	Gas distribution system	No target identified	Not included	No target identified Company recommends moving to appropriate natural gas docket
24.b	Enterprise wide	No target identified	Not included	No target identified Company recommends moving to appropriate natural gas docket
25.	Availability of data specific to is gas suppliers on upstream methane emissions; regulation of methane emissions upstream of the Company's distribution	No target identified	Not included	No target identified Company recommends moving to appropriate natural gas docket

	system, and the Company's position on such regulations; participation in voluntary initiatives to quantify and reduce methane from gas suppliers; any certified gas purchases; pilots with gas marketers to track and source gas with lower associated methane emissions; and any other actions the Company has taken to secure data on and/or reduce upstream methane emissions. No later than 2024, the Company will re-evaluate data available on upstream methane to consider feasibility of reporting of methane			

	emissions attributable to total natural gas purchases across the full fuel cycle (from drilling and extraction to the end-use).			
26.	Methane emissions across the full fuel cycle in its calculation of greenhouse gas emissions avoided by electrification of buildings, agriculture, and other sectors.	No target identified	Not included	No target identified Company recommends moving to appropriate natural gas docket
	Cost Effective Alignment of Generation and Load			
27.	Demand response, capacity available and amount called	Additional 400 MW of Demand response by 2023	Not included	No target identified
28.	Amount of demand response that SHAPES customer load profiles through price response, time varying rates, or behavior campaigns	No baseline or target calculated – inadequate or non-existent data	Not included	Not available

29.	Amount of demand response that SHIFTS energy consumption from times of high demand to times where there is a surplus of renewable generation	No baseline or target calculated – inadequate or non-existent data	Not included	Not available
30.	Amount of demand response that SHEDS load that can be curtailed to provide peak capacity and supports the system in contingency events: a) for available load; b) for actual load reduction and c) metrics that measure the effectiveness of (a) and (b) in aggregate.	No target identified	Not included	No target identified
	Workforce and Community Development			
31.	Workforce Transition Plan	No target identified	Not included	No target identified Requested to move this duplicative reporting to IRP Docket.

	Other Stakeholder Discussions			
32.	Public Dashboard	Not applicable	Not included	No target applicable
33.	Demand Response Performance Incentive	Not applicable	Not included	Not applicable
34.	Evaluation Criteria and Benchmarks	Not applicable	Not included	Not applicable

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

Minnesota Department of Commerce
Reply Comments

Docket No. E002/CI-17-401

Dated this **10th** day of **August 2023**

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_17-401_Official
David	Dahlberg	davedahlberg@nweco.com	Northwestern Wisconsin Electric Company	P.O. Box 9 104 South Pine Street Grantsburg, WI 548400009	Electronic Service	No	OFF_SL_17-401_Official
Brian	Edstrom	briane@cubminnesota.org	Citizens Utility Board of Minnesota	332 Minnesota St Ste W1360 Saint Paul, MN 55101	Electronic Service	No	OFF_SL_17-401_Official
John	Farrell	jfarrell@ilsr.org	Institute for Local Self-Reliance	2720 E. 22nd St Institute for Local Self-Reliance Minneapolis, MN 55406	Electronic Service	No	OFF_SL_17-401_Official
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_17-401_Official
Katherine	Hamilton	katherine@aem-alliance.org	Advanced Energy Management Alliance	1701 Rhode Island Ave, NW Washington, DC 20036	Electronic Service	No	OFF_SL_17-401_Official
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Brad	Klein	bklein@elpc.org	Environmental Law & Policy Center	35 E. Wacker Drive, Suite 1600 Suite 1600 Chicago, IL 60601	Electronic Service	No	OFF_SL_17-401_Official
Annie	Levenson Falk	annielf@cubminnesota.org	Citizens Utility Board of Minnesota	332 Minnesota Street, Suite W1360 St. Paul, MN 55101	Electronic Service	No	OFF_SL_17-401_Official

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Audrey	Partridge	apartridge@mncee.org	Center for Energy and Environment	212 3rd Ave. N. Suite 560 Minneapolis, Minnesota 55401	Electronic Service	No	OFF_SL_17-401_Official
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_17-401_Official
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Christine	Schwartz	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_17-401_Official
Doug	Scott	dscott@gpisd.net	Great Plains Institute	2801 21st Ave Ste 220 Minneapolis, MN 55407	Electronic Service	No	OFF_SL_17-401_Official
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th Pl E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_17-401_Official

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Jeff	Zethmayr	jzethmayr@citizensutilityboard.org	Citizens Utility Board	309 W. Washington, Ste 800 Chicago, IL 60606	Electronic Service	No	OFF_SL_17-401_Official