

December 10, 2025

Will Seuffert  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, Minnesota 55101-2147

**RE: Comments of the Minnesota Department of Commerce, Division of Energy Resources**  
Docket Nos. E002/M-25-386

Dear Mr. Seuffert:

Attached are the comments of the Minnesota Department of Commerce (Department) in the following matter:

In the Matter of Northern States Power Company d/b/a Xcel Energy's  
Petition for Approval of the Transmission Cost Recovery Rider Revenue  
Requirements for 2026, Tracker True-Up, and Revised Adjustment Factors

The Petition was filed by Xcel Energy on October 9, 2025.

The Department recommends that the Minnesota Public Utilities Commission (Commission) provisionally approve Xcel Energy's TCR rates effective January 1, 2026 and require Xcel to provide additional information in reply comments. The Department will make its final recommendations after reviewing the Company's reply comments. The Department is available to answer any questions the Commission may have.

Sincerely,

/s/ Dr. SYDNIE LIEB  
Assistant Commissioner of Regulatory Analysis

AG/ad  
Attachment



## Before the Minnesota Public Utilities Commission

### Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket Nos. E002/M-25-386

#### I. PROCEDURAL HISTORY AND BACKGROUND

On October 30, 2015, Northern States Power Company d/b/a Xcel Energy (Xcel, or the Company) filed its 2015 Biennial Distribution Grid-Modernization Report under Minn. Stat. §216B.2425 (the Grid Modernization Statute).<sup>1</sup> Under the Grid Modernization Statute, subdivision 2 requires that a utility operating under a multi-year rate plan<sup>2</sup> identify investments that it considers necessary to modernize its transmission and distribution grid by enhancing reliability, improving security against cyber and physical threats, and increasing opportunities for energy conservation. Subdivision 3 of the Grid Modernization Statute requires the Minnesota Public Utilities Commission (Commission) to certify, certify as modified, or deny certification of the investments identified by a utility under subdivision 2. As part of its 2015 Biennial Distribution Grid-Modernization Report, the Company proposed an Advanced Distribution Management System (ADMS) project and requested that the Commission certify the ADMS project. On June 28, 2016, the Commission certified the ADMS project.<sup>3</sup>

Minn. Stat. §216B.16, subd. 7b authorizes the Commission to approve the automatic adjustment of charges for the Minnesota jurisdictional costs associated with a utility's new transmission facilities through a utility's Transmission Cost Recovery (TCR) Rider, and subd. 7b(b)(5) specifically "allows the utility to recover costs associated with investments in distribution facilities to modernize the utility's grid that have been certified by the commission under Minn. Stat. §216B.2425" (the TCR Rider Statute).<sup>4</sup>

Xcel's five most recent TCR Rider petitions, in Docket Nos. E002/M-17-797 (Xcel's 2017-2018 TCR Rider Petition),<sup>5</sup> E002/M-19-721 (Xcel's 2019-2020 TCR Rider Petition),<sup>6</sup> E002/M-21-814 (Xcel's 2021-2022 TCR Rider Petition),<sup>7</sup> E002/M-23-467 (Xcel's 2023-2024 TCR Rider Petition),<sup>8</sup> and E002/M-24-371

<sup>1</sup> Minn. Stat. §216B.2425. Accessed at: <https://www.revisor.mn.gov/statutes/cite/216B.2425>.

<sup>2</sup> Minn. Stat. §216B.16, subd. 19. Accessed at: <https://www.revisor.mn.gov/statutes/cite/216B.16#stat.216B.16.19>.

<sup>3</sup> *In the Matter of Xcel Energy's 2015 Biennial Distribution-Grid-Modernization Report*, ORDER CERTIFYING ADVANCED DISTRIBUTION-MANAGEMENT SYSTEM (ADMS) PROJECT UNDER MINN. STAT. § 216B.2425 AND REQUIRING DISTRIBUTION STUDY, Minnesota Public Utilities Commission, June 28, 2016, Docket No. E002/M-15-96, (eDockets) [20166-122702-01](https://www.revisor.mn.gov/statutes/cite/216B.16#stat.216B.16.7b).

<sup>4</sup> Minn. Stat. §216B.16, subd. 7b(b)(5). Accessed at: <https://www.revisor.mn.gov/statutes/cite/216B.16#stat.216B.16.7b>.

<sup>5</sup> *In the Matter of the Petition of Northern States Power Company for Approval of the Transmission Cost Recovery Rider Revenue Requirements for 2017 and 2018, and Revised Adjustment Factors*, Petition, Xcel Energy, November 18, 2017, Docket No. E002/M-17-797, (eDockets) [201711-137240-01](https://www.revisor.mn.gov/statutes/cite/216B.16#stat.216B.16.7b).

<sup>6</sup> *In the Matter of Northern States Power Company d/b/a Xcel Energy's Petition for Approval of the Transmission Cost Recovery Rider Revenue Requirements for 2019 and 2020 and Revised Adjustment Factors*, Petition, Xcel Energy, November 15, 2019, Docket No. E002/M-19-721, (eDockets) [201911-157600-01](https://www.revisor.mn.gov/statutes/cite/216B.16#stat.216B.16.7b).

<sup>7</sup> *In the Matter of Northern States Power Company d/b/a Xcel Energy's Petition for Approval of the Transmission Cost Recovery Rider Revenue Requirements for 2021 and 2022, Tracker True-up and Revised Adjustment Factors*, Petition, Xcel Energy, November 24, 2021, Docket No. E002/M-21-814, (eDockets) [202111-180141-01](https://www.revisor.mn.gov/statutes/cite/216B.16#stat.216B.16.7b).

<sup>8</sup> *In the Matter of Northern States Power Company d/b/a Xcel Energy's Petition for Approval of the Transmission Cost Recovery Rider Revenue Requirements for 2023 and 2024, Tracker True-up and Revised Adjustment Factors*, Petition, Xcel Energy, October 31, 2023, Docket No. E002/M-23-467, (eDockets) [202310-200078-02](https://www.revisor.mn.gov/statutes/cite/216B.16#stat.216B.16.7b).

(Xcel's 2025 TCR Rider Petition), respectively, included the ADMS project as part of its cost recovery request. Subsequent Commission Orders in these proceedings have allowed the Company to recover the Company's revenue requirements associated with the ADMS project through its TCR Rider.<sup>9,10</sup>

On November 1, 2019, Xcel filed its 2019 Integrated Distribution Plan (2019 IDP) in Docket No. E002/M-19-666.<sup>11</sup> The Company's 2019 IDP included the Company's certification request of its proposed Advanced Grid Intelligence and Security (AGIS) Initiative and an Advanced Distribution Planning Tool (APT, now known as the LoadSEER tool) pursuant to Minn. Stat. §216B.2425. The AGIS Initiative includes Advanced Metering Infrastructure (AMI), a Field Area Network (FAN), Fault Location and Isolation Service Restoration (FLISR), and an Integrated Volt-Var Optimization (IVVO) project.

On July 23, 2020, the Commission issued its Order Accepting Integrated Distribution Plan, Modifying Reporting Requirements, and Certifying Certain Grid Modernization Projects (Certification Order) in Xcel's 2019 IDP proceeding and certified the AMI, FAN, and APT/LoadSEER projects, and declined to certify the FLISR and IVVO projects.<sup>12</sup>

On June 28, 2023, the Commission issued its Order Approving Recovery, Capping Costs, and Setting Filing Requirements for Xcel's 2023-2024 TCR Rider in Docket No. E002/M-23-467.<sup>13</sup>

On November 1, 2024, Xcel filed its 2025 TCR Rider Petition in Docket No. E002/M-24-371 (Petition)<sup>14</sup> On December 17, 2024, the Commission issued its Order approving Xcel's provisional rate reduction to be implemented on January 1, 2025, subject to future updates, in this proceeding.<sup>15</sup> On December 1, 2025, the Commission issued its Order approving Xcel's Petition and its proposed TCR revenue

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<sup>9</sup> *In the Matter of Northern States Power Company d/b/a Xcel Energy's Petition for Approval of the Transmission Cost Recovery Rider Revenue Requirements for 2021 and 2022 and Revised Adjustment Factors*, ORDER APPROVING RIDER RECOVERY, CAPPING COSTS, AND SETTING FILING REQUIREMENTS, Minnesota Public Utilities Commission, June 28, 2023, Docket No. E002/M-21-814, (eDockets) [20236-196981-01](#) (2021-2022 TCR Rider Order).

<sup>10</sup> *In the Matter of Northern States Power Company d/b/a Xcel Energy's Petition for Approval of the Transmission Cost Recovery Rider Revenue Requirements for 2023 and 2024 and Revised Adjustment Factors*, ORDER APPROVING RIDER RECOVERY, CAPPING COSTS, AND SETTING FILING REQUIREMENTS, Minnesota Public Utilities Commission, December 4, 2024, Docket No. E002/M-23-467, (eDockets) [202412-212688-01](#) (2023-2024 TCR Rider Order).

<sup>11</sup> *In the Matter of Xcel Energy's Integrated Distribution Plan and Advanced Grid Intelligence and Security Certification Request*, Xcel Energy Integrated Distribution Plan (2020 – 2029), Xcel Energy, November 1, 2019, Docket No. E002/M-19-666, (eDockets) [201911-157133-01](#).

<sup>12</sup> *In the Matter of Xcel Energy's Integrated Distribution Plan and Advanced Grid Intelligence and Security Certification Request*, ORDER ACCEPTING INTEGRATED DISTRIBUTION PLAN, MODIFYING REPORTING REQUIREMENTS, AND CERTIFYING CERTAIN GRID MODERNIZATION PROJECTS (Certification Order), Minnesota Public Utilities Commission, July 23, 2020, Docket No. E002/M-19-666, (eDockets) [20207-165209-01](#).

<sup>13</sup> 2023-2024 TCR Rider Order.

<sup>14</sup> *In the Matter of the Petition of Northern States Power Company for Approval of the Transmission Cost Recovery Rider Revenue Requirements for 2025, Tracker True-Up, and Revised Adjustment Factors*, Petition, Xcel Energy, November 1, 2024, Docket No. E002/M-24-371, (eDockets) [202411-211558-01](#).

<sup>15</sup> *In the Matter of Northern States Power Company, doing business as Xcel Energy (Xcel), Petition for Approval of the Transmission Cost Recovery (TCR) Rider Revenue Requirements for 2025, Tracker True-Up, and Revised Adjustment Factors*, Order, Minnesota Public Utilities Commission, December 17, 2024, Docket No. E002/M-24-371, (eDockets) [202412-213083-01](#).

requirement, and required the Company to recover intervenor compensation costs in its State Energy Policy Rider rather than its TCR Rider.<sup>16</sup>

On October 9, 2025, Xcel filed the current Petition in Docket No. E002/M-25-396.<sup>17</sup>

## II. DEPARTMENT ANALYSIS

### A. SUMMARY OF TCR RIDER REVENUE REQUIREMENTS

Xcel requested approval of its 2026 revenue requirements, tracker balance, and updated TCR adjustment factors for the Minnesota jurisdiction. A summary of Xcel’s proposed projects and related forecasted 2026 revenue requirements is included in Table 1.

**Table 1. Proposed MN Revenue Requirements<sup>18</sup>**

<i>Amounts in Dollars</i>	2024	2025	2026	2027
	Actuals	Mixed	Forecast	Forecast
AGIS - ADMS	5,036,010	5,035,775	4,625,270	4,261,006
AGIS - AMI	31,548,105	46,559,764	48,063,119	47,059,212
AGIS - FAN	7,455,832	8,501,837	9,482,373	10,105,217
AGIS - LoadSeer	574,749	501,196	40,494	53,329
AGIS - TOU Pilot	663,922	695,023	677,905	648,952
Brookings - 2nd Circuit	1,527,849	4,296,275	5,669,458	5,570,430
Hosting Capacity	44,075	176,308	162,455	149,573
Bayfront to Ironwood	246,083	423,596	1,141,501	2,094,134
LRTP2 Alexandria-Big Oaks	126,933	744,853	3,365,525	5,974,370
Sherco to Lyons County	-	1,972,579	8,399,515	33,771,594
<b>Projects</b>	<b>47,223,560</b>	<b>68,907,206</b>	<b>81,627,616</b>	<b>109,687,816</b>
MISO RECB Sch.26/26a	(4,864,073)	(153,090)	3,776,782	(5,152,845)
Participant Comp. Payments	78,534	15,397	-	-
Base Rates	-	-	-	-
TCR True-up Carryover	22,145,039	(132,942)	10,377,007	(1,095,359)
<b>Revenue Requirements (RR)</b>	<b>64,583,061</b>	<b>68,636,571</b>	<b>95,781,404</b>	<b>103,439,613</b>
<b>Revenue Collections (RC)</b>	<b>64,716,003</b>	<b>58,259,564</b>	<b>96,876,762</b>	<b>98,120,606</b>
Monthly RR - RC	-	-	-	-
<b>Balance (RR - RC)</b>	<b>(132,942)</b>	<b>10,377,007</b>	<b>(1,095,359)</b>	<b>5,319,006</b>

<sup>16</sup> *In the Matter of Northern States Power Company, doing business as Xcel Energy (Xcel), Petition for Approval of the Transmission Cost Recovery (TCR) Rider Revenue Requirements for 2025, Tracker True-Up, and Revised Adjustment Factors, Order, Minnesota Public Utilities Commission, December 1, 2025, Docket No. E002/M-24-371, (eDockets) [202512-225351-01](#) (2025 TCR Order).*

<sup>17</sup> *In the Matter of the Petition of Northern States Power Company for Approval of the Transmission Cost Recovery Rider Revenue Requirements for 2026, Tracker True-Up, and Revised Adjustment Factors, Petition, Xcel Energy, October 9, 2025, Docket No. E002/M-25-386, (eDockets) [202510-223725-01](#) (hereinafter “2026 Xcel TCR Petition”).*

<sup>18</sup> 2026 Xcel TCR Petition, Attachment 4.

Xcel has requested approval of 2026 revenue requirements of approximately \$95.8 million. This represents an increase of \$38.2 million compared to the initial 2025 revenue requirement forecast of approximately \$57.5 million.<sup>19</sup> The significant increase in the revenue requirement from 2025 to 2026 is due primarily to increased project costs year-over-year, with the largest increase from the Minnesota Energy Connection (Sherco to Lyons County project), and a \$10.4 million true-up from the prior year’s TCR rider balance as revenue collections that year fell substantially short of revenue requirements. The \$3.8 million in MISO Regional Expansion Criteria and Benefits (RECB) costs also contribute to this.

The Department requests the Company in reply comments provide additional information related to some of these items. First, the Department requests the Company explain the significant imbalance between 2025 revenue requirements and collections, and provide any updated forecasts for its 2025 and 2026 figures if available. The Department addresses other items in relevant sections below.

In previous filings, Xcel has allocated costs into two groups: Transmission, using demand allocation factors approved in the Company’s last approved electric rate case, and Distribution-Grid Modernization, using distribution allocation factors for approved in the Company’s last approved rate case. In the instant proceeding, the Company proposes a third group for allocating AMI meter costs to allocate AMI project expenses. The Company still proposes to allocate transmission costs based on demand allocation factors in its last approved electric rate case (Docket No. E002/GR-21-630) and non-AMI Distribution-Grid Modernization costs based on distribution allocation factors approved in that same case, with AMI expenses allocated by class.<sup>20</sup> The calculation of the TCR Adjustment Factors can be found on Attachment 7 of the Petition.<sup>21</sup>

Xcel’s implemented and proposed TCR rate adjustment factors are shown in Table 2 below:

**Table 2: 2025 Implemented and 2026 Proposed Adjustment Factors<sup>22</sup>**

	<b>2025 Implemented</b>	<b>2026 Proposed</b>
Total Revenue Requirements	\$57,252,040	\$95,781,404
Residential Rate / kWh	\$0.004442	\$0.007073
Commercial Non-Demand /kWh	\$0.003009	\$0.006524
Demand / kW	\$0.323	\$0.527
Critical Peak Price TOU Pilot / kWh <sup>23</sup>	\$0.000848	

Xcel stated that the monthly bill of an average residential customer using 650 kWh of electricity per month would see an increase to their bill of approximately \$1.71 per month compared to the current

<sup>19</sup> 2026 Xcel TCR Petition at 1.

<sup>20</sup> 2026 Xcel TCR Petition at 9.

<sup>21</sup> 2026 Xcel TCR Petition, Attachment 7.

<sup>22</sup> Petition pg. 10, Table 1.

<sup>23</sup> As noted by the Company: “Per the Commission’s April 7, 2025 Order in Docket No. E002/M-20-86, the Company has suspended its TOU and Critical Peak Pricing TOU pilots, and thus the Company has removed the 2026 rate for this customer class from its TCR proposal.” 2026 Xcel TCR Petition at 10.

TCR residential adjustment factor. Xcel's proposed TCR adjustment factors are calculated assuming they are effective January 1, 2026.<sup>24</sup>

*B. STATUTORY REQUIREMENTS*

The TCR Statute, Minn. Stat. §216B.16, subd 7b, states the following:

Transmission cost adjustment. (a) Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism for the automatic annual adjustment of charges for the Minnesota jurisdictional costs net of associated revenues of:

- (1) new transmission facilities that have been separately filed and reviewed and approved by the commission under section [216B.243](#) [Certificate of Need Statute] or are certified as a priority project or deemed to be a priority transmission project under section [216B.2425](#) [State Transmission Plan Statute]
  - (2) new transmission facilities approved by the regulatory commission of the state in which the new transmission facilities are to be constructed, to the extent approval is required by the laws of that state, and determined by the Midcontinent Independent System Operator [MISO] to benefit the utility or integrated transmission system; and
  - (3) charges incurred by a utility under a federally approved tariff that accrue from other transmission owners' regionally planned transmission projects that have been determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system.
- (b) Upon filing by a public utility or utilities providing transmission service, the commission may approve, reject, or modify, after notice and comment, a tariff that:
- (1) allows the utility to recover on a timely basis the costs net of revenues of facilities approved under section [216B.243](#) or certified or deemed to be certified under section [216B.2425](#) or exempt from the requirements of section [216B.243](#);
  - (2) allows the utility to recover charges incurred under a federally approved tariff that accrue from other transmission owners' regionally planned transmission projects that have been determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system. These charges must be reduced or offset by revenues received by the utility and

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<sup>24</sup> 2026 Xcel TCR Petition at 10.

- by amounts the utility charges to other regional transmission owners, to the extent those revenues and charges have not been otherwise offset;
- (3) allows the utility to recover on a timely basis the costs net of revenues of facilities approved by the regulatory commission of the state in which the new transmission facilities are to be constructed and determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system;
  - (4) allows the utility to recover costs associated with distribution planning required under section 216B.2425;
  - (5) allows the utility to recover costs associated with investments in distribution facilities to modernize the utility's grid that have been certified by the commission under section 216B.2425;
  - (6) allows a return on investment at the level approved in the utility's last general rate case, unless a different return is found to be consistent with the public interest;
  - (7) provides a current return on construction work in progress, provided that recovery from Minnesota retail customers for the allowance for funds used during construction is not sought through any other mechanism;
  - (8) allows for recovery of other expenses if shown to promote a least-cost project option or is otherwise in the public interest;
  - (9) allocates project costs appropriately between wholesale and retail customers;
  - (10) provides a mechanism for recovery above cost, if necessary to improve the overall economics of the project or projects or is otherwise in the public interest; and
  - (11) terminates recovery once costs have been fully recovered or have otherwise been reflected in the utility's general rates.
- (c) A public utility may file annual rate adjustments to be applied to customer bills paid under the tariff approved in paragraph (b). In its filing, the public utility shall provide:
- (1) a description of and context for the facilities included for recovery;
  - (2) a schedule for implementation of applicable projects;
  - (3) the utility's costs for these projects;
  - (4) a description of the utility's efforts to ensure the lowest costs to ratepayers for the project; and
  - (5) calculations to establish that the rate adjustment is consistent with the terms of the tariff established in paragraph (b).

- (d) Upon receiving a filing for a rate adjustment pursuant to the tariff established in paragraph (b), the commission shall approve the annual rate adjustments provided that, after notice and comment, the costs included for recovery through the tariff were or are expected to be prudently incurred and achieve transmission system improvements at the lowest feasible and prudent cost to ratepayers. [emphasis added]

Based on the above, the Department understands that in order for an in-state transmission project to be eligible for recovery under the TCR Statute, the project must either be approved under the Certificate of Need Statute, exempt from the Certificate of Need Statute, or certified as or deemed to be a priority project under the State Transmission Plan Statute.

Regarding eligibility for out-of-state transmission projects, the Department understands that the projects must be for new transmission facilities approved by the regulatory commission of the state in which the new transmission facilities are to be constructed, to the extent approval is required by the laws of that state, and determined by the Midcontinent Independent System Operator (MISO) to benefit the utility or the integrated transmission system.

With respect to distribution projects, the Department understands that in order for a distribution project to be eligible for recovery under the TCR Statute, the project must be certified by the Commission under Minn. Stat. §216B.2425.

### *C. PROJECT ELIGIBILITY*

In this Petition, Xcel included costs related to (1) Transmission facilities and MISO-Regional Expansion and Cost Benefit (RECB) costs as authorized under the Transmission Statute; (2) Distribution-Grid Modernization project costs as authorized under the Transmission Statute; (3) distribution planning, also referred to as the Hosting Capacity Analysis (HCA); and 4) participant compensation costs.<sup>25</sup>

The Department notes that all but one of the transmission projects and related MISO revenues and costs for which Xcel has requested cost recovery in its Petition were determined to be eligible by the Commission in prior TCR proceedings.<sup>26</sup>Xcel proposes to include one new transmission projects in its TCR Rider, the Minnesota Energy Connection (Sherco to Lyon County).

The Department discusses this project below.

#### *1. Minnesota Energy Connection (Sherco to Lyon County)*

Xcel stated this project consists of building a new double-circuit 345 kV transmission line between the current site of the Sherco coal plant near Becker, Minnesota and Lyon County in southwest

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<sup>25</sup> 2026 Xcel TCR Petition at 5.

<sup>26</sup> 2026 Xcel TCR Petition at 6.

Minnesota.<sup>27</sup> In a June 11, 2025 Order, the Commission granted the Company a Certificate of Need for the project.<sup>28</sup> This Order also required the Company to “File a final cost number or cap amount within 90 days of the Commission’s Order determining the route.”<sup>29</sup>

The Company’s September 5 compliance filing updated the project’s cost estimate to \$1.367 billion, an \$88 million increase over Xcel’s initial estimate “due to increases in domestically-sourced material costs due to Federal tariffs, additional route length and complexity, and real estate acquisition,” with an in-service date in the third quarter of 2028.<sup>30</sup>

In its 2026 TCR Rider petition, the Company stated it took efforts to ensure lowest cost to ratepayers using the Company’s sourcing group and system-wide use of materials and components.<sup>31</sup>

Based on the above, the Department concludes this project qualifies for recovery under the TCR Statute since it is an in-state project that was approved by the Commission through a CN proceeding.<sup>32</sup>

Similar to previous TCR Rider proceedings, the Company included its net transmission related MISO-RECB costs (Schedules 26/26A revenues and expenses) for recovery. The Department agrees that Xcel’s MISO-RECB cost and revenues are eligible for recovery.

The Department notes that all the distribution-grid modernization projects have previously been determined to be eligible for cost recovery in prior TCR proceedings.<sup>33</sup> As a result, the Department concludes Xcel’s distribution-grid modernization projects costs are eligible for recovery.

As in the prior year’s TCR Rider Petition, the Company notes<sup>34</sup> their requested recovery of its HCA (Hosting Capacity Analysis) was approved in a previous TCR Rider in Docket No. E002/M-23-467.<sup>35</sup> The Company provided information on the approval and project implementation information in Attachments 1 and 2 of the Petition. The Department concludes Xcel’s HCA costs are eligible for recovery.

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<sup>27</sup> 2026 Xcel TCR Petition, Attachment 1 at 1.

<sup>28</sup> *In the Matter of the Applications of Xcel Energy for a Certificate of Need and Route Permit for the Minnesota Energy Connection Project in Sherburne, Stearns, Kandiyohi, Wright, Meeker, Chippewa, Yellow Medicine, Renville, Redwood, and Lyon counties in Minnesota*, Order Modifying and Adopting Administrative Law Judge Report, Granting Certificate of Need, and Issuing Route Permit for the Minnesota Energy Connection Project, Minnesota Public Utilities Commission, June 11, 2025, Docket Nos. E002/CN-22-131; E002/TL-22-132, (eDockets) [20256-219826-01](#).

<sup>29</sup> *Id.* at 22, Order Point 6.

<sup>30</sup> *In the Matter of the Applications of Xcel Energy for a Certificate of Need and Route Permit for the Minnesota Energy Connection Project in Sherburne, Stearns, Kandiyohi, Wright, Meeker, Chippewa, Yellow Medicine, Renville, Redwood, and Lyon counties in Minnesota*, Compliance Filing – Updated Project Cost Estimates, Xcel Energy, September 5, 2025, Docket Nos. E002/CN-22-131; E002/TL-22-132, (eDockets) [20259-222726-01](#).

<sup>31</sup> 2026 Xcel TCR Petition, Attachment 1 at 2.

<sup>32</sup> Minn. Stat. §216B.16, subd 7b, (1).

<sup>33</sup> 2026 Xcel TCR Petition at 5-6.

<sup>34</sup> 2026 Xcel TCR Petition, Attachment 1 at 4-5.

<sup>35</sup> *In the Matter of the Petition of Northern States Power Co. d/b/a Xcel Energy for Approval of the Transmission Cost Recovery Rider Revenue Requirements for 2023 and 2024, Tracker True-Up, and Revised Adjustment Factors*, Order Approving Transmission Cost Recovery Rider Revenue Requirement and Denying Performance Incentive Mechanisms, Minnesota Public Utilities Commission, December 4, 2024, Docket No. E002/M-23-467, (eDockets) [202412-212688-01](#).

*D. REASONABLENESS OF PROJECT REVENUE REQUIREMENTS AND COST CAPS*

The Commission set a standard for evaluating TCR Rider project costs going forward in Xcel Energy's TCR Rider filing in Docket No. E002/M-09-1048. The Commission stated in its April 27, 2010 Order that:

In setting guidelines for evaluating project costs going forward, the TCR project cost recovered through the rider should be limited to the amounts of the initial estimates at the time the projects are approved as eligible projects, with the opportunity for the Company to seek recovery of excluded costs on a prospective basis in a subsequent rate case. A request to allow cost recovery for project costs above the amount of the initial estimate may be brought forward for Commission review only if unforeseen and extraordinary circumstances arise on the project.<sup>36</sup>

The Commission applied this same approach to Otter Tail Power Company in its 2013 TCR Rider in Docket No. E017/M-13-103. The Commission stated in its March 10, 2014 Order that:

Accordingly, the Commission continues to believe that project costs included in the TCR rider should be capped at certificate of need levels and concurs with the Department that the appropriate cap for the Bemidji project is \$74 million. The TCR rider mechanism gives Otter Tail the extraordinary ability to charge its ratepayers for facilities prior to the ordinary timing (the first rate case after the project goes into service) and without undergoing the full scrutiny of a rate case. Holding the Company to its initial estimate is an important tool to enforce fiscal discipline.

Further, imposition of a cap protects the integrity of the certificate of need process, in which it is critical that the cost estimates for the alternatives being compared are as reliable as possible. And, capping costs at the certificate of need levels is consistent with the Commission's actions in similar cases involving other utilities' riders.

The Company is recovering the cost of these transmission facilities through a rider, a unique regulatory tool essentially designed to enable utilities to begin recovering the prudent and reasonable costs of critically needed capital investments between rate cases. The rate case remains the primary vehicle for determining prudence and reasonableness.

In the absence of a rate case, the best available proxy for determining prudence and reasonableness is the cost determination made on the record of a certificate of need or cost recovery eligibility proceeding. Here,

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<sup>36</sup> *In the Matter of the Northern States Power Company, a Minnesota Corporation, d/b/a Xcel Energy, for Approval of a Modification to its TCR Tariff, 2010 Project Eligibility, TCR Rate Factors, Continuation of Deferred Accounting and 2009 True-up Report, Order Approving 2010 TCR Project Eligibility and Rider, 2009 TCR Tracker Report, and TCR Rate Factors, Minnesota Public Utilities Commission, April 27, 2010, Docket No. E002/M-09-1048, (eDockets) [20104-49616-01](#) at ordering paragraph 4 (Apr. 27, 2010).*

the relevant proceeding is a certificate of need case. Otter Tail should continue recovering the costs it sponsored in its certificate of need case unless and until it demonstrates in a rate case that higher costs are prudent and reasonable.<sup>37</sup>

*i. Transmission Projects*

Xcel includes four transmission projects for recovery in its TCR Rider petition – the new Minnesota Energy Connection project referenced above and three projects approved for recovery in the prior TCR Rider Petitions: (1) Bayfront to Ironwood; (2) Brookings Second Circuit; and (3) MISO LRTP2 Alexandria to Big Oaks.<sup>38</sup>

The Company provided information regarding these projects' initial forecasted costs and updated forecasted costs. The Company as of the petition's filing, forecasts all four projects to be running under the initial forecasted costs, and thus under the cost caps for these projects.

The Department notes one of these projects, Bayfront to Ironwood, was initially projected to cost \$132 million, but Xcel filed a letter with the Public Service Commission of Wisconsin (PSCW) updating the Commission that the estimated cost would instead be \$199.5 million due to labor and materials increases, and rock excavation needs, which the PSCW approved in an April 2025 Order. The Company shared in the 2026 TCR Rider petition that its current forecast estimates costs for this project to be \$184.5 million, or \$17.2 million less than the updated project cost.<sup>39</sup>

The Department has reviewed the information provided by Xcel showing all projects forecasted to be within established cost caps and finds the information to be sufficient.

*ii. Distribution Projects*

The Commission's September 27, 2019 Order in Docket No. E002/M-17-797 approved TCR Rider recovery of the ADMS project, the first Distribution-Grid Modernization project to be certified as part of the Company's first Biennial Grid Modernization Report.<sup>40</sup> The Commission subsequently certified and later approved TCR cost recovery of additional Distribution-Grid Modernization projects – specifically, the TOU Pilot, AMI, FAN, and LoadSEER in its 2021-2022 TCR Rider Order.<sup>41</sup> Per these

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<sup>37</sup> *In the Matter of Otter Tail Power Company's Request for Approval of a Transmission Cost Recovery Rider Including the Proposed Transmission Factor for the Recovery Period from May 2, 2013 to April 30, 2014, Order Capping Costs, Denying Rider Recovery of Excess Costs, and Requiring Inclusion of All MISO Schedule 26 Costs and Revenues in TCR Rider*, Minnesota Public Utilities Commission, March 10, 2014, Docket No. E017/M-13-103, (eDockets) [20143-97156-01](#) at 4-5.

<sup>38</sup> 2026 Xcel TCR Petition at 18.

<sup>39</sup> 2026 Xcel TCR Petition at 19.

<sup>40</sup> *In the Matter of the Petition of Northern States Power Company for Approval of the Transmission Cost Recovery Rider Revenue Requirements for 2017 and 2018, and Revised Adjustment Factor, Order Authorizing Rider Recovery, Setting Return on Equity, and Setting Filing Requirements*, Minnesota Public Utilities Commission, September 27, 2019, Docket No. E002/M-17-797, (eDockets) [20199-156134-01](#).

<sup>41</sup> 2021-2022 TCR Rider Order.

Orders, the Commission established cost caps for Xcel’s AMI and FAN<sup>42</sup> and ADMS<sup>43</sup> projects. The following tables summarize Xcel’s total forecasted costs for these projects along with their respective cost caps:

**Table 3: AMI and FAN Capital and O&M Forecast<sup>44</sup>**

AMI	Pre-2022	2023	2024	2025	2026	2027	2028	Total	Cap	Variance
Capital	\$43.10	\$93.90	\$125.80	\$25.30	\$5.00	\$10.00		\$303.10	\$366.30	(\$63.20)
O&M	\$5.30	\$4.30	\$9.10	\$17.50	\$19.80			\$56.00	\$92.90	(\$36.90)
<b>TOTAL</b>	<b>\$48.40</b>	<b>\$98.20</b>	<b>\$134.90</b>	<b>\$42.80</b>	<b>\$24.80</b>	<b>\$10.00</b>	<b>\$0.00</b>	<b>\$359.10</b>	<b>\$459.20</b>	<b>(\$100.10)</b>

FAN	Pre-2022	2023	2024	2025	2026	2027	2028	Total	Cap	Variance
Capital	\$19.60	\$45.00	\$9.90	\$12.20	\$6.60	\$1.50	\$1.20	\$96.00	\$98.10	(\$2.10)
O&M	\$0.80	\$0.40	\$0.10	\$0.00	\$0.00			\$1.30	\$6.40	(\$5.10)
<b>TOTAL</b>	<b>\$20.40</b>	<b>\$45.40</b>	<b>\$10.00</b>	<b>\$12.20</b>	<b>\$6.60</b>	<b>\$1.50</b>	<b>\$1.20</b>	<b>\$97.30</b>	<b>\$104.50</b>	<b>(\$7.10)</b>

**Table 4: ADMS O&M and Capital – in Millions<sup>45</sup>**

ADMS	Pre-2022	2023	2024	2025	2026	Total	Cap	Variance
Capital	\$49.90	\$0.60	\$0.40	-	-	\$50.90	\$69.10	(\$18.00)
O&M	\$6.20	\$0.60	\$0.30	\$0.20	\$0.20	\$7.50		\$7.50
<b>TOTAL</b>	<b>\$56.10</b>	<b>\$1.20</b>	<b>\$0.70</b>	<b>\$0.20</b>	<b>\$0.20</b>	<b>\$58.40</b>	<b>\$69.10</b>	<b>(\$6.70)</b>

The Department reviewed Xcel’s forecasted costs and the Commission’s orders regarding costs caps. As shown above, Xcel’s AMI/FAN and ADMS projects do not exceed the established cost caps.

*iii. Hosting Capacity Analysis (HCA)*

As noted above, the Commission accepted the Company’s 2022 HCA Report and confirmed TCR Rider recovery of costs associated with HCA is appropriate, with additional reporting requirements in its September 15, 2023 Order in Docket No. E002/M-22-574.<sup>46</sup>

<sup>42</sup> 2021-2022 TCR Rider Order at 7-8.

<sup>43</sup> In the Matter of Northern States Power Company d/b/a Xcel Energy’s Petition for Approval of the Transmission Cost Recovery Rider Revenue Requirements for 2019 and 2020 and Revised Adjustment Factors, Order Authorizing Rider Recovery, Setting Return on Equity, and Setting Filing Requirements, Minnesota Public Utilities Commission, December 10, 2021, Docket No. E002/M-19-721, (eDockets) [202112-180572-01](#).

<sup>44</sup> 2026 Xcel TCR Petition at 16.

<sup>45</sup> 2026 Xcel TCR Petition at 17.

<sup>46</sup> In the Matter of Xcel Energy’s 2022 Hosting Capacity Report Under Minn. Stat. § 216B.2425, Subd. 8, Order Accepting Hosting Capacity Report and Establishing Additional Requirements, Minnesota Public Utilities Commission, September 15, 2023, Docket No. E002/M-22-574, (eDockets) [20239-198981-01](#).

In its Reply Comments in the prior year's TCR Rider filing, the Company stated it would "present the final cost of this project and its impact to the TCR in our next TCR filing."<sup>47</sup> While the Department notes the Company stated it forecasts a \$56,318 reduction in total capital costs through 2025 for the HCA project<sup>48</sup> and provides some figures related to HCA-related expenditures and revenue requirements, the final cost and impacts to the TCR promised by the Company appears to not be contained within the filing.

The Department requests the Company provide the final cost of the project and its impact to the TCR in Reply Comments.

1. *NET REGIONAL EXPANSION AND COST BENEFIT (RECB) CHARGES (MISO SCHEDULES 26/26A, 37 & 38)*

During the 2008 Minnesota Legislative Session, Minn. Stat. 216B.16, Subd, 7(b) (2) was amended to allow utilities providing transmission service to recover "the charges incurred by a utility that accrue from other transmission owners' regionally planned transmission projects that have been determined by MISO to benefit the utility, as provided for under a federally approved tariff," upon Commission approval. The Statute further requires any recovery to "be reduced or offset by revenues received by the utility and by amounts the utility charges to other regional transmission owners, to the extent those revenues and charges have not been otherwise offset."

MISO's regionally planned transmission projects are also referred to as Regional Expansion and Cost Benefit (RECB) projects. RECB charges and revenues are generally reflected under MISO Schedules 26/26A. MISO Schedule 26 includes other regionally shared projects such as Market Efficiency Projects and Generation Interconnection Projects. MISO Schedule 26A includes projects that have been deemed to be Multi-Value Projects (MVPs).

In addition to MISO Schedules 26/26A, utilities also receive revenues related to regionally-shared projects under MISO Schedules 37 and 38. MISO Schedule 37 revenues represent a utility's share of contributions MISO receives from American Transmission Systems, Inc., which left MISO on June 1, 2011 to integrate with PJM. Likewise, MISO Schedule 38 revenues represent a utility's share of payments from Duke-Ohio and Duke-Kentucky, which left MISO on December 31, 2011, but have an ongoing obligation to pay for MISO projects due to their previous membership.

Similar to previous TCR filings, Xcel proposed to recover the net charges it pays other electric utilities through MISO Schedules 26/26A in its TCR Rider. Under Xcel's proposal, it would recover the estimated payments it makes under MISO Schedules 26/26A net of the estimated revenues it receives from other utilities under MISO Schedules 26/26A. Specifically, Xcel proposed to include its estimated 2026 MISO Schedule 26/26A expenses of \$3,776,783 in its forecasted 2026 revenue requirements and a \$5,152,844 revenue credit in its forecasted 2027 revenue requirements in its TCR Rider (both figures Minnesota jurisdictional).<sup>49</sup>

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<sup>47</sup> In the Matter of Northern States Power Company Petition for Approval of the 2025 Transmission Cost Recovery Rider, Reply Comments, Xcel Energy, April 14, 2025, Docket No. E002/M-24-371, (eDockets) [20254-217617-01](#) at 4.

<sup>48</sup> 2026 Xcel TCR Petition at 17.

<sup>49</sup> 2026 Xcel TCR Petition at 12.

The Department requests additional information in reply comments on the Company's projection of MISO RECB Sch. 26/26a net expenses in 2026 and why this is a net expense, since the Company has in recent years seen net revenue credits, which it again projects net revenue credits in 2027.

Order Point No. 12 of the Commission's December 10, 2021 Order in Xcel's 2019-2020 TCR Rider required Xcel to specifically identify Auction Revenue Rights for Multi-Value Projects (MVP) in Schedules 26 and 26A, including forecasted revenue. According to Xcel, this also includes MVP Auction Revenue Rights (MVP ARR).<sup>50</sup> Xcel's MISO Schedule 26/26A and MVP ARR calculations are provided in Attachment 10 of the Petition.

The Department reviewed Attachment 10 of Xcel's Petition and was able to identify specific MISO Schedule 37/38 amounts and MVP ARR amounts. As a result, the Department concludes Xcel complied with Order Point No. 12 of the Commission's December 10, 2021 Order in Docket No. E002/M-21-814.

## 2. *OTHER WHOLESALE TRANSMISSION REVENUES (NON-RECB)*

The Department notes that the bulk of Minnesota regulated electric utilities' transmission assets over 100 kilovolts are considered to be non-RECB projects for MISO purposes and are included in the utilities' base rates rather than the transmission cost recover rider. Similar to RECB charges that are reflected in MISO Schedules 26/26A, these non-RECB charges (wholesale transmission revenues and expenses) are reflected in MISO Schedules 7, 8 and 9 revenues for the party that owns the transmission assets and in MISO Schedules 7, 8 and 9 expenses for any party that uses the transmission assets (including the owner of the assets). As such, any wholesale transmission revenues and expenses (MISO Schedules 7, 8 and 9 revenues and expenses) associated with these facilities are generally reflected in base rates. These MISO Schedules 7, 8 and 9 charges are determined under each utility's open-access transmission tariff (OATT) approved by the Federal Energy Regulatory Commission (FERC).

While most of these costs and revenues are reflected in utilities' base rates, Minnesota rate-regulated utilities have non-RECB transmission projects that qualify for TCR Rider recovery. In those instances, the utility provides a net credit (commonly referred to as the OATT credit) in its TCR Rider to account for the amount of revenues it expects to receive from MISO for other utilities' use of the transmission asset. This net credit reflects the difference between what the utility pays MISO for using its own non-RECB transmission asset and what the utility receives from MISO for other utilities' use of the asset.

The Department reviewed Xcel's OATT credit calculations found in Attachment 9 of the Petition and concludes they are reasonable. As explained in its Petition, Xcel identified one non-RECB project, the Brookings Second Circuit project.<sup>51</sup> The Department also reviewed Xcel's proposed revenue requirements in Attachment 11 and notes that two non-RECB projects (Brookings Second Circuit and Bayfront to Ironwood) appropriately received OATT credits in their respective forecasted revenue requirements calculations for 2026 and 2027.

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<sup>50</sup> Petition, Attachment 10.

<sup>51</sup> 2026 Xcel TCR Petition at 14.

3. *RATE OF RETURN ON INVESTMENT*

Minn. Stat. §216B.16, subd. 7b (2) allows a return on investment at the level approved in the utility's last general rate case, unless a different return is found to be consistent with the public interest. Xcel's rate of return, including ROE is provided in Attachment 8 of the Petition. As shown therein, Xcel used a 9.25% ROE to calculate its 2026 annual revenue requirements. The Department notes this is consistent with the Commission-approved ROE of 9.25% in the Company's most recent electric case in Docket No. E002/GR-21-630.

4. *INTERNAL CAPITALIZED LABOR*

Consistent with the Commission's decisions in prior TCR proceedings, the Company removed internal capitalized labor costs in its revenue requirements calculations, as shown on page 22 of the Petition, detailed in Table 7.<sup>52</sup> The Department reviewed Xcel's removal of internal labor cost calculations and concludes they are reasonable and consistent with past TCR Rider proceeding.

5. *PRORATED ACCUMULATED DEFERRED INCOME TAXES*

The Company stated the following in its Petition regarding prorated accumulated deferred income taxes (ADIT):

The Company calculated the 2026 revenue requirements using the alternative ADIT treatment approved by the Commission in their December 10, 2021, Order in Docket No. E002/M-19-721. This methodology conforms to our understanding of the proration formula in IRS regulation section 1.167(1)-1(h)(6). Under this treatment we have:

1. Treated each forecast month as a test period since the revenue requirements in riders are calculated monthly. This allows the monthly ADIT balance to be reset to its un-prorated beginning balance and only the monthly activity receives the proration.
2. Then applied a mid-month convention for the proration factors in each month.
3. Removed ADIT from the beginning-of-month and end-of-month rate base average, since the proration is itself a form of averaging. These treatments reduce the proration impact to the ratepayers in these rider mechanisms significantly.

We believe that this treatment minimizes customer impact while still maintaining the significant deferred tax benefits provided to our customers. This treatment requires the ADIT prorate to be embedded in the rate base calculation rather than separated as a line item. However, we provide Attachment 12 to show how ADIT proration impacts the total revenue requirement for the 2025 calendar year.<sup>53</sup>

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<sup>52</sup> 2026 Xcel TCR Petition at 22.

<sup>53</sup> 2026 Xcel TCR Petition at 14-15.

As shown on Attachment 12 of Xcel's Petition, the impact on customers using the Company's proposed ADIT treatment is minor. The total impact of ADIT proration on the TCR Rider under this methodology is just \$311 out of \$95.8 million in total revenue requirements for the forecasted 2026 revenue requirements.<sup>54</sup>

The Department reviewed Xcel's monthly ADIT methodology and calculations shown in Attachment 12. Based on our review, the Department agrees that the impact of proration is de minimis. In addition, the Department agrees that Xcel's methodology and calculations are consistent with past TCR proceedings and recommends approval.

## 6. ALLOCATION OF COSTS

Northern States Power Minnesota (NSPM) and Northern States Power Wisconsin (NSPW) operate as a single, integrated system, and therefore costs for generation and transmission are initially calculated at the total system level. The allocation of costs from the total system level to the Minnesota jurisdictional customer groups is a three-step process. First, the Company allocates total system costs between NSPM and NSPW. Second, NSPM allocates its share of total system costs to each of its three state jurisdictions (Minnesota, North Dakota, and South Dakota). Third, the Company allocates its Minnesota jurisdictional costs among its customer classes.

To allocate total system costs between NSPM and NSPW, the Company uses a demand allocator which reflects the sharing of costs between NSPM and NSPW pursuant to its FERC Interchange Agreement. Xcel stated that it used its budgeted Interchange Agreement allocators for 2026.<sup>55</sup> Xcel stated that any future over- or under-recovery due to its budgeted allocators will be reflected in their next TCR Rider filing that will use actual allocators as they are available.<sup>56</sup>

The Interchange Agreement demand allocator, reported on Attachment 8, line 21 of the Petition, is based on 36-month coincident peak demand. NSPM proposed to use an allocation factor of 84.0921 percent for 2026. The Company's proposed cost allocation between NSPM and NSPW is consistent with the methodology used in previous TCR filings, and the Department concludes that it is reasonable.

To allocate NSPM's share of total system costs between NSPM's three state jurisdictions, the Company proposed using demand allocators based on 12-month coincident peak demand, as shown in the Petition, Attachment 8, line 20. The allocator proposed, 87.1003 percent for 2026, is consistent with the Minnesota jurisdictional allocator the Company proposed in its most recent rate case, Docket No. E002/GR-21-630. The Department concludes that the Company's proposed jurisdictional allocator is reasonable.

To allocate NSPM's Minnesota jurisdictional costs among the Company's various rate classes within the Minnesota jurisdiction, the Company used its D10S transmission demand allocator from its most recent

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<sup>54</sup> 2026 Xcel TCR Petition at 15.

<sup>55</sup> Petition at 16.

<sup>56</sup> *Id.*

rate case in Docket No. E002/GR-21-630, which is based on the Company's system peak coincident with the MISO system peak.<sup>57</sup>

As noted above, Xcel is introducing an allocator for AMI meter costs so it can "allocate AMI project expenses accordingly" using a "meter cost allocator."<sup>58</sup> Attachment 7 of the Petition shows the allocation of the \$48.1 million in AMI costs across customer classes. Because this is a new method of allocation, the Department requests the Company provide additional information and support for why this "AMI Allocator" is reasonable in reply comments. Specifically, the Department requests the Company provide an explanation as to why it has chosen to change the allocation method for AMI cost recovery, when AMI costs have been included in previous TCR Riders without this allocation method. The Company should also explain why this new "AMI Allocator" is reasonable, including details on the calculation of AMI Allocator by customer class as shown in Attachment 7.

*i. Recovery from Minnesota Customer Classes and Applicable Recovery Rates*

NSPM's Minnesota jurisdictional customer classes include Residential, Commercial Non-Demand, and Demand. The Company proposed to recover costs allocated to its Residential and Non-Demand customers on an energy-only basis (i.e. via a per kWh charge), and to recover costs allocated to its Demand customer class on a demand-only basis (i.e. via a per kW charge). This recovery method is consistent with the method used in prior TCR Rider filings; as a result, the Department concludes it is reasonable.

**7. TRACKER BALANCE**

As shown above in the final line of Attachment 4 ("Balance (RR – RC + Cumulative CC)"), Xcel forecasts TCR Rider tracker balances of (\$1,095,358) for 2026 and \$5,319,007 for 2027. The Department reviewed Xcel's tracker balance calculations found in Attachment 5 of the Petition and conclude they appear reasonable, though as also noted above the Department requests additional information on the 2025 balance of \$10,377,007.

**8. CUSTOMER NOTICE ON PROPOSED TARIFF REVISIONS**

Xcel provided their proposed customer notice on page 25 of the Petition. The tariff revisions are included in Attachment 14 of the Petition and include both the redline and the clean versions. The Department reviewed Xcel's proposed tariff revisions and customer notice and recommends the Commission approve them.

**9. PARTICIPANT COMPENSATION**

The Department notes that Participant Compensation expenses refer to costs paid by a utility to compensate intervenors for their time and costs incurred to participate in rate cases and other proceedings before the Commission.

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<sup>57</sup> 2026 Xcel TCR Petition Attachment 7.

<sup>58</sup> 2026 Xcel TCR Petition at 9.

In 2023, the Minnesota Legislature passed a new law governing compensation for participants in regulatory proceedings in Minnesota Statute 216B.631 (Participant Compensation Statute). This new law was deemed effective as of May 24, 2023 and applies to any proceeding in which the Commission has not yet issued a final order. Under the Participant Compensation Statute, the Commission may order a utility to compensate eligible participants in a wide variety of proceedings, including rate cases and riders.

The Department notes the Participant Compensation Statute appears to be intended to promote participation by other intervenors in proceedings such as this before the Commission. As shown above in Table 1, Xcel included participant compensation expenses of \$15,397 in 2025 but did not include any participant compensation in 2026 and 2027. In the Company's prior year TCR Rider docket, the Commission ordered the \$72,754 included by the Company in its revenue requirement to instead be moved under the State Energy Policy (SEP) Rider.<sup>59</sup>

Consistent with that Order, the Department recommends the \$15,397 in participant compensation expenses be treated for recovery under the SEP Rider rather than the TCR Rider.

#### *10. OTHER COMPLIANCE ISSUES*

Xcel addressed its compliance with Commission Orders issued July 23, 2020, in Docket No. E-002/M-19-666 and September 27, 2019 in Docket No. E-002/M-17-797 beginning on page 4 and throughout its Petition.

Based on our review, the Department concludes Xcel complied with the Commission's orders.

### **III. DEPARTMENT CONCLUSIONS AND RECOMMENDATIONS**

The Department recommends the Commission provisionally approve Xcel Energy's TCR rates effective January 1, 2026, subject to final review.

The Department recommends that Xcel provide the following information in Reply Comments:

- An explanation of the imbalance between 2025 revenue requirements and collections, and provide any updated forecasts for its 2025 and 2026 figures if available.
- Final costs of the Hosting Capacity Analysis project and its impact to the TCR, as promised by the Company in reply comments in the prior year's TCR Rider proceedings Docket No. E002/M-24-371.
- Additional information on the Company's projection of MISO RECB Sch. 26/26a net expenses in 2026, when the Company has in recent years seen net revenue credits, which it again projects in 2027.

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<sup>59</sup> 2025 TCR Order.

- An explanation as to why the Company has chosen to change the allocation method for AMI costs when AMI costs have been included in previous TCR Riders without this allocation method.
- An explanation for why the “AMI Allocator” is reasonable, including details on the calculation of the AMI Allocator by customer group as shown in Attachment 7.

The Department also recommends the \$15,397 in participant compensation expenses be treated for recovery under the SEP Rider rather than the TCR Rider, consistent with the Commission’s Order in the prior year’s TCR Rider filing in Docket No. E002/M-24-371.

The Department will make its final recommendations after reviewing the Company’s reply comments.

## **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**  
**Comments**

**Docket No. E002/M-25-386**

Dated this **10<sup>th</sup>** day of **December 2025**

**/s/Sharon Ferguson**

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18	Christine	Marquis	regulatory.records@xcelenergy.com	Xcel Energy		414 Nicollet Mall MN1180-07-MCA Minneapolis MN, 55401 United States	Electronic Service		Yes	M-25-386
19	Stacy	Miller	stacy.miller@minneapolismn.gov	City of Minneapolis		350 S. 5th Street Room M 301 Minneapolis MN, 55415 United States	Electronic Service		No	M-25-386
20	David	Moeller	dmoeller@allete.com	Minnesota Power			Electronic Service		No	M-25-386
21	Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP		33 South Sixth St Ste 4200 Minneapolis MN, 55402 United States	Electronic Service		No	M-25-386
22	David	Niles	david.niles@avantenergy.com	Minnesota Municipal Power Agency		220 South Sixth Street Suite 1300 Minneapolis MN, 55402 United States	Electronic Service		No	M-25-386
23	Carol A.	Overland	overland@legalelectric.org	Legalelectric - Overland Law Office		1110 West Avenue Red Wing MN, 55066 United States	Electronic Service		No	M-25-386
24	Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us		Office of the Attorney General - Residential Utilities Division	1400 BRM Tower 445 Minnesota St St. Paul MN, 55101-2131 United States	Electronic Service		Yes	M-25-386
25	Kevin	Reuther	kreuther@mncenter.org	MN Center for Environmental Advocacy		26 E Exchange St, Ste 206 St. Paul MN, 55101-1667 United States	Electronic Service		No	M-25-386
26	Ken	Smith	ken.smith@districtenergy.com	District Energy St. Paul Inc.		76 W Kellogg Blvd St. Paul MN,	Electronic Service		No	M-25-386

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