

June 9, 2020

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

RE: **Response Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E002/M-20-402

Dear Mr. Seuffert:

On April 1, 2020, Northern States Power Company d/b/a Xcel Energy (Xcel, Xcel Electric, or the Company) submitted to the Minnesota Public Utilities Commission (Commission) a *Petition of Northern States Power Company for Approval of an Electric Conservation Improvement Program Adjustment Factor* (Petition). On May 7, 2020, the Department filed comments recommending that the Commission approve Xcel's Petition, but requesting the Company to provide in reply comments a recalculation of the CIP Adjustment Factor that adjusted for projected carrying charges.

On May 26, 2020, Xcel filed reply comments stating that the Company "did incorporate the effect of carrying charges to get the September 2020 forecasted CIP Tracker balance as close to \$0 as possible." That is, the proposed CIP adjustment factor of \$0.001928 per kWh already accounts for carrying charges. Xcel stated that any change to the rate would result in the tracker going negative, and thus the current rate would minimize carrying charges and no further adjustments are necessary.

The Department reviewed Xcel's reply comments and concludes that Xcel's explanation is accurate and no adjustment for the carrying charges is necessary. Therefore the Department recommends that the Commission:

- allow Xcel to implement its proposed gas CIP Adjustment Factor (CAF) of \$0.001928 per kWh beginning October 1, 2020, or the first billing cycle in the month following the Commission's *Order* in this matter, whichever is later, conditional on the Company submitting, within 10 days of the issue date of the *Order* in the present docket, a compliance filing with tariff sheets and necessary calculations that comply with the Commission's determinations in this matter.

Additionally the Department maintains the following recommendations from its May 7, 2020 Comments that the Commission approve:

- Xcel's proposed bill message effective the first month the 2020/2021 CIP Adjustment Factor takes effect, revised as necessary to incorporate the approved CAF and effective date;

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- A Shared Savings DSM financial incentive of \$17,589,180 for Xcel's 2019 electric CIP achievements, and allow Xcel to include the incentive in the Company's electric CIP tracker account no sooner than the issue date of the Commission's Order in the present docket; and
- Xcel's 2019 Electric CIP tracker account activity, as provided in the Company's *Petition* and summarized above in Table 1, resulting in a December 31, 2019 tracker balance of \$14,097,193.

The Department is available to answer any questions that the Commission may have in this matter.

Sincerely,

/s/ MICHAEL N. ZAJICEK
Rates Analyst

MNZ/ja