Minnesota Public Utilities Commission

PUBLIC VERSION

Staff Briefing Papers – Volume III of V

Class Cost of Service Study (CCOSS)

Meeting Date: July 9, 2015 .... Agenda Item** **# 5**

Company: Northern States Power Company d/b/a Xcel Energy

Docket No. E-002/GR-13-868

In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Electric Service in Minnesota

Issue: Should the Commission accept, modify, or reject Xcel's revised class cost of service study (CCOSS)?

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Relevant Documents

(This list is also on the list of relevant documents for Vol. I of the staff briefing papers.)

Xcel - Compliance Filing .... January 16, 2015
Xcel - Compliance Filing .... May 1, 2015
Commission Order .... May 8, 2015
Department - Comments .... May 28, 2015
Xcel - Reply Comments .... June 8, 2015
Office of the Attorney General – Reply Comments .... June 8, 2015

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Compliance Requirements in the Commission's May 8, 2015 Order

The Commission's May 8, 2015 Order, ordering paragraphs 35 and 36, required Xcel to modify its 2014 and 2015 Class Cost of Service Study (CCOSS) to:

> 35. classify the costs of the Grand Meadow and Nobles wind farms on the same basis as its other fixed production-plant costs using the plant-stratification method;
>
> 36. use the location method rather than the predominant-nature method to allocate other production O&M costs.

Ordering paragraph 34, adopted the weather-normalized sales data in Xcel's January 16, 2015 compliance filing for rate-making purposes.

Finally, ordering paragraph 48 required Xcel to rerun the CCOSS in accordance with all Commission decisions in this docket and the Monticello docket (Docket No. E-002/CI-13-754) insofar as they affected the CCOSS in setting the revenue apportionment according to the specifications of the Commission.

Xcel's Compliance Filings and the Department's Review

1. January 16, 2015 Compliance Filing

On January 16, 2015, in accordance with an agreement mentioned at the August 11, 2014 evidentiary hearing in this case, Xcel filed a compliance filing containing electric sales and customer data for January through December 2014. Pursuant to the terms of the agreement, the sales data were weather-normalized with the use of the Department's coefficients. This filing also contained revenue data classified by major customer class.

Staff Note: No party commented on this filing.

The weather-normalized sales data in this filing were adopted by the ALJ in her Report and by Commission in its May 8, 2015 Order for rate-setting purposes.

2. May 1, 2015 Compliance Filing

Xcel filed a compliance filing on May 1, 2015 in anticipation of the Commission's May 8, 2015 Order. Xcel noted that the schedules included with this filing were preliminary in nature and were being provided in advance of final rates compliance in order to allow parties additional time to review. Xcel added that it would update these schedules, if necessary, subsequent to issuance of the Order (which was released on May 8, 2015).

In this May 1, 2015 filing, among other things, Xcel updated the sales, customer and revenue data contained in the January 16, 2015 compliance filing. In support of these revisions, Xcel indicated that it made "updates and changes" to the cost of service study "for compliance" and "[u]pdated present revenues and kWh sales to reflect 2014 actual weather normalized values."

Further, Xcel revised its cost study in light of the Commission's requirements regarding (1) the classification of the costs of the Grand Meadow and Nobles wind farms on the same basis as its other fixed production-plant costs using the plant-stratification method; and (2) the use of the location method to allocate other production O&M costs.

3. May 28, 2015 Department Comments

a. General Concerns

As a general matter, the Department noted that a cost of service study utilizes data on revenue requirement, sales and customer count, cost of capital, depreciation, and so on from sources "outside" of the cost model and then determines, through cost functionalization, classification, stratification and allocation, the apportionment of the total cost to the major customer classes. Thus, the values of the variables coming from the "outside" influence the cost apportionment in addition to the classification and allocation methods inherent to a cost of service study.

The cost study becomes complex because Xcel does not identify all the inputs that enter the cost study with separate tabs. In consequence of the complexity of the cost study, and partly also because the Department's review of the May 1, 2015 filing raised several issues, the Department noted that it conducted discovery and held meetings with Xcel to explore the issues.

The Department raised a general concern regarding the reliability of Xcel's cost model. For example, the Department noted that while Xcel insisted that it changed the classification of the costs of the Grand Meadow and Nobles wind farms and made other changes in compliance with the Commission's Order, these changes were not reflected in the calculation of the classification of Other O&M expenses and other factors. The Department emphasized that when a specific input data or relationship is changed, the change should be carried throughout the model. The Department observed that Xcel needs to improve its CCOSS so that it automatically reflects all changes to the input data and to the relationships between the variables of the model.

As another example, the Department also noted that Xcel's plant stratification analysis did not reflect its own statement that it updated "its CCOSS results using 2013 cost data for Pleasant Valley and Border Winds as well as for all other production plant costs in its Plant Stratification analysis" in compliance with ordering point 712 of the ALJ's Findings of Fact.[1]

The Department recommended that the Commission require Xcel to ensure internal consistency within its CCOSS in time for the next rate case and to provide direct links to all inputs used in its model. The Department also recommended that input sources be linked to the financial data and non-financial data filed in the record so that any changes made in compliance are clearly and promptly reflected in the relevant compliance cost study.

Finally, the Department noted that after the financial and cost of service issues are finalized in this proceeding, the Commission may wish to request Xcel to provide estimated rate and bill impacts for customer classes to affirm the methodology of apportioning revenue responsibility.

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[1] In finding 712, the ALJ observed, in part: "[T]he Administrative Law Judge concludes it is reasonable to require the Company to update its CCOSS results using 2013 cost data for Pleasant Valley and Border Winds as well as for all other production plant costs in its Plant Stratification analysis."

b. Classification and Allocations Issues

Regarding the classification of Grand Meadow and Nobles wind farms and allocation of other production O&M costs, the Department concluded that, contrary to the Commission's decision, Xcel still treated Grand Meadow and Nobles wind farms as 100-percent related to capacity in the compliance filing.

The Department also concluded that Xcel did not revise its data by using the 2013 cost data for all other production plant costs, in addition to the Pleasant Valley and Border Winds, in the plant stratification analysis in compliance with ordering point 712 of the ALJ's Findings of Fact.

The Department updated the classification of each category of production plants with 2013 data (provided by Xcel during the May 21, 2015 meeting with the Department). This included use of plant stratification to classify wind facilities. The Department found that the share of Other O&M expenses increased from a 65 percent energy-related classification to a 67.4 percent energy-related classification.

c. Sales, Customer Count, and Revenue Updates

Regarding revisions to sales, customer and revenue data, the Department observed that the test year 2014 and 2015 sales and customers figures used by Xcel in its preliminary May 1, 2015 compliance filing did not match the Company's January 16, 2015 compliance. The Department noted that it met with Xcel on May 21, 2015 to discuss this discrepancy and that Xcel explained (in an e-mail response) the discrepancy by noting:

i. The Company does not include interdepartmental sales in its CCOSS; and

ii. For the customer counts, the Company excluded Auto Protective Lighting Customers from the Company's January 16, 2015 compliance filing. In the CCOSS we include APL customers but exclude Interdepartmental.

The Department, apparently does not accept Xcel's explanation, and concluded that the Company's sales and customer inputs did not match what the Commission adopted in its May 8, 2015 Order.

d. Incorporation of All of the Commission's Decisions in the Cost Study

The Department stated that it was able to confirm that the final revenue requirements for 2014 and 2015 were generally correctly reflected in the CCOSS except for the following:

- overall rate of return for the 2015 Step;
- Corporation Aviation adjustment and Production Tax Credits for Borders Wind and Pleasant Valley;
- Sherco 3 Insurance proceeds (addressed in a separate letter);
- potentially Xcel's implementation of the Commission's Monticello Order (addressed in the Department's Request for Clarification.)

e. Economic Development Discounts

The Department argued that while Xcel did not specifically distinguish between economic development discounts and interruptible service discounts, after conducting discovery, the Department concluded that Xcel did, after all, include the correct amount of discounts associated with economic development. However, the Department noted that Xcel used a higher level of discounts in the compliance filing than in the rebuttal testimony and asked that the Commission limit the total discount amount to $68.514 million.

4. June 8, 2015 Xcel Reply Comments

As to the general concerns of the Department, Xcel responded that its model has remained the same in the past five rate cases but that the Company would endeavor to work with the Department to adopt changes to the model that can assist the Department in its oversight responsibilities.

Xcel accepted the Department's plant stratification and other production O&M cost updates and incorporated the results in the cost study.

As to the revisions to sales and customer data, Xcel reiterated its previously offered explanation.

Regarding compliance with all the decisions taken by the Commission relating to revenue requirement, cost of capital, and so on, Xcel agreed with the Department that differences of opinion regarding revenue requirements issues will affect the cost study but that such issues were unrelated to whether the CCOSS correctly classified and allocated the ultimate revenue requirement to customer classes. Xcel indicated that it would reflect any clarification the Commission provides on these issues in the final compliance CCOSS.

Regarding the quantification of economic development discounts, Xcel did not agree with the Department's recommendation to limit the amount to $68.514 million.

Xcel provided the following summaries of its cost studies. These results are carried forward to the revenue apportionment among customer classes.

Summary of 2014 Compliance Class Cost of Service Study Results ($000)

ADJUSTED COST RESPONSIBILITIES (Source: Xcel June 8, 2015 Reply Comments, Attachment A - Page 1 of 15)						
		Total	**Residential**	**Non-Demand**	**Demand**	**Street Ltg**
[11]	Adjusted Rate Revenue Reqt (line 1 + line 10)	2,884,839	1,047,820	109,712	1,702,974	24,332
[12]	Incr Misc Chrgs & Late Pay (CCOSS page 7, line 21 to line 23)	107	78	5	24	0
[13]	Adjusted Operating Revenues (line 11 + line 12)	2,884,946	1,047,899	109,717	1,702,998	24,333
[14]	Present Rates (line 4)	2,826,039	1,023,255	108,102	1,668,360	26,321
[15]	Adjusted Deficiency (line 13 - line 14)	58,908	24,643	1,615	34,638	(1,989)
[16]	Defic / Pres Rates (line 15 / line 14)	2.1%	2.4%	1.5%	2.1%	-7.6%
[17]	Ratio: Class % / Total % (Line 16÷2.1%)	1.00	1.16	0.72	1.00	-3.62

Summary of 2015 Compliance Class Cost of Service Study Results ($000)

ADJUSTED COST RESPONSIBILITIES (Source: Xcel June 8, 2015 Reply Comments, Attachment B - Page 1 of 15)						
		Total	**Residential**	**Non-Demand**	**Demand**	**Street Ltg**
[11]	Adjusted Rate Revenue Reqt (line 1 + line 10)	2,994,440	1,087,141	113,603	1,767,855	25,841
[12]	Incr Misc Chrgs & Late Pay (CCOSS page 7, line 21 to line 23)	306	224	14	67	1
[13]	Adjusted Operating Revenues (line 11 + line 12)	2,994,746	1,087,364	113,617	1,767,923	25,842
[14]	Present Rates (line 4)	2,826,661	1,023,121	108,086	1,669,134	26,319
[15]	Adjusted Deficiency (line 13 - line 14)	168,085	64,243	5,530	98,789	(477)
[16]	Defic / Pres Rates (line 15 / line 14)	5.9%	6.3%	5.1%	5.9%	-1.8%
[17]	Ratio: Class % / Total % (Line 16÷5.9%)	1.00	1.06	0.86	1.00	-0.30

Explanatory Notes by Staff:
Line 11 in the tables above breaks down the total revenue requirement according to the cost-responsibility of each customer class;
Line 12 includes incremental revenue for late payment charges and interdepartmental revenue.
Line 14 in the tables above provides the current revenue received from each customer class; and Line 15 shows the consequent revenue deficiency in revenue with regard to each customer class to be made up with an increase in rates;
Line 16 indicates the present revenue deficiency, for each customer class, in proportion to the revenue requirement. For example, in the case of residential class, Line 16 shows that a 6.3 percent increase in rates will equate the proposed revenue from this customer class to the revenue requirement allocated to this class; and
Line 17 indicates the ratio of revenue deficiency for each customer class to the overall revenue deficiency. For 2015, the proposed overall revenue deficiency is 5.9 percent. For the Demand class, the ratio of revenue deficiency (in proportion to the class-revenue requirement) is the same as the overall revenue deficiency and, therefore, the ratio is 1. However, for the residential class, the revenue deficiency (in proportion to the revenue requirement of this class) is 6 percent higher than the overall revenue deficiency.

Staff Comment: Staff is unclear why Line 14, Present Rates, in the above two tables is different between 2014 and 2015. Line 14 represents total revenue (product of rates and energy sales) from present rates which can be different because the energy sale in 2015 was different from that in 2014, but in Peppin Direct, Xcel used the same figures for "Present Rates" for 2014 and 2015.[2] Staff noticed other instances of similar data discrepancy which remain unexplained.

[2] See Peppin Direct, p. 6 and p. 10.

5. June 8, 2015 Office of the Attorney General (OAG) Reply Comments

On June 8, 2015, the OAG filed reply comments agreeing with the Department that Xcel's cost study was not in compliance with the Commission's May 8, 2015 Order.

The OAG supported the Department's call for increasing the transparency with respect to the inputs used in Xcel's cost study. The OAG argued that the primary problem with Xcel's compliance filing was that Xcel uses external spreadsheets containing input data (i.e., the Commission-ordered changes) which were not filed together with the cost study making it difficult to review the cost study in its fullness. Even where Xcel appeared to have updated some of the inputs, the OAG argued, it was impossible to check the inputs upon which the model depends.

The OAG recommended that until Xcel provides all inputs to its CCOSSs, it should not be considered compliant with the Commission's Order.

Issue: Should the Commission accept, modify, or reject Xcel's revised class cost of service study (CCOSS)?

A. Classification of Grand Meadow and Nobles Wind Farms and Allocation of other O&M Costs

1. Compliance Requirement

Classification of Grand Meadow and Nobles Wind Farms

Xcel had classified Grand Meadow and Nobles wind farms as 100 percent capacity-related. The Commission directed Xcel to classify these wind farms on the same basis as Xcel classified its other fixed production-plant costs using the plant-stratification method. (In Xcel's previous rate cases, classification of wind farms on the basis of Xcel's plant stratification methodology produced generation costs which were 4 to 5 percent capacity-related and 95 to 96 percent energy-related.)

Allocation of other O&M Costs

In its testimony, Xcel used what it termed the "predominant nature method" to allocate O&M costs.[3] Under this predominant method,[4] Xcel assigned 78.4 percent of the Other Production O&M costs of $500,148,680[5] to the capacity-related function, while assigning the remaining 21.6 percent to the energy-related function.[6] The Commission directed Xcel to use the location method rather than the predominant-nature method to allocate other production O&M costs.[7] (Under the Location Method, as implemented in the previous Xcel rate case, other O&M costs were split, in an inversion of the allocation results under the predominant nature method,[8] 35-percent capacity-related and 65-percent energy-related.)

2. Xcel's May 1, 2015 Compliance Filing

Xcel presented the following table providing the stratification and allocation of Grand Meadow and Nobles in comparison to all other plant types:

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[3] O&M expense category includes the labor, materials, supplies and the supervision and engineering expenses associated with operating and maintaining all of Xcel's power plants except fuel and purchased power expenses.
[4] "The predominant nature method classifies entire cost categories based on whether the cost category is considered 'predominantly' capacity or energy-related. All cost deemed fixed are assigned to the capacity function, while all costs thought to be variable are assigned to the energy function. For instance, since labor costs do not vary significantly based on the amount of energy produced, the predominant nature method considers them to be predominantly capacity related, and allocates labor costs entirely as capacity. On the other hand, since material costs are considered variable, all material costs are classified as energy." See the OAG Post-Hearing Brief at 59.
[5] Excludes Regional Market Expense of $7,983,500 or the JCOSS Cost Adjustment of -$2,063,000 that are included in total Other Production O&M costs.
[6] Peppin Direct, pp. 23-24.
[7] In the location method, all Other Production O&M costs that vary directly with the amount of energy produced are classified as energy-related and allocated using the appropriate energy allocators, while the remaining other O&M costs are allocated on the basis of the production plant. See Ouanes Direct, pp. 32-33.
[8] Peppin, Direct, pp. 23-24.

Table 1 **(Source: Xcel's May 1, 2015 filing, Schedule A1, p. 3)**

Plant Type	**Direct Testimony CCOSS**			**Compliance CCOSS**		
	[1]	[2]	[3]	[4]	[5]	[6]
	Peaking Ratio	**Peaking %**	**Baseload %**	**Peaking Ratio**	**Peaking %**	**Baseload %**
Nuclear	$770 / $3,689	20.9%	79.1%	$792 / $4,146	19.1%	80.9%
Fossil	$770 / $1,976	39.0%	61.0%	$792 / $2,022	39.2%	60.8%
Combined Cycle	$770 / $1,020	75.4%	24.6%	$792 / $1,037	76.3%	23.7%
Hydro	$770 / $4,519	17.0%	83.0%	$792 / $5,601	14.1%	85.9%
Grand Meadow & Nobles	Not Applicable	100.0%	0%	$792 / $18,142	4.4%	95.6%
Pleasant Valley & Border Winds	$770 / $17,150	4.5%	95.5%	$792 / $11,761	6.7%	93.3%

Columns 2 and 3, in the table above, show the plant stratification percentages that were applied in Xcel's direct testimony CCOSS, and Columns 5 and 6 show the revised percentages in compliance with the Commission's requirement.

Xcel allocated the other O&M costs of $504,691,000 (which is slightly different from the figure used in the direct testimony) according to 35-percent capacity-related and 65-percent energy related.[9]

Xcel presented the following summary of **2015** compliance class cost of service study results resulting from the classification and allocation changes:

Table 2

ADJUSTED[10] COST RESPONSIBILITIES (Xcel May 1, 2015 filing, Schedule A2, p. 1)						
		Total	Residential	Non-Demand	Demand	Street Ltg
[11]	Adjusted Rate Revenue Reqt (line 1 + line 10)	2,994,440	1,087,369	113,601	1,767,681	25,789
[12]	Incr Misc Chrgs & Late Pay (CCOSS page 7, line 21 to line 23)	306	224	14	67	1
[13]	Adjusted Operating Revenues (line 11 + line 12)	2,994,746	1,087,593	113,615	1,767,749	25,789
[14]	Present Rates (line 4)	2,826,661	1,023,121	108,086	1,669,134	26,319
[15]	Adjusted Deficiency (line 13 - line 14)	168,085	64,471	5,528	98,615	(530)
[16]	Defic / Pres Rates (line 15 / line 14)	5.9%	6.3%	5.1%	5.9%	-2.0%
[17]	Ratio: Class % / Total % (Line 16÷5.9%)	1.00	1.06	0.86	0.99	-0.34

[9] Xcel cited Schedule C, p. 7, column 1, lines 39-41 of the compliance filing for additional detail. Staff found the detail in Schedule A3, p. 7, Column 1 (actually the third column from the right), lines 39-41.

[10] Adjusted for rate discounts.

3. Department Review and Comments

On May 28, 2015, the Department filed its comments regarding Xcel's revised CCOSS. Other parties, most notably the OAG, did not file comments on Xcel's CCOSS at this point in time.

The Department concluded that Xcel was not in compliance with the ordering paragraphs 35 and 36 of the Commission's May 8, 2015 Order. The Department alleged that Xcel did not revise the calculation of the energy/capacity classification (65%/35%) of Other O&M costs and that Xcel's compliance calculations were still based on the classification of Grand Meadow and Nobles wind farms as 100 percent capacity-related.

The Department also charged that Xcel did not update its cost study with the 2013 cost data for Pleasant Valley and Border Winds as well as for all other production plant costs in its Plant Stratification analysis.[11]

The Department presented the following classification of each category of production plant O&M costs, including the stratification of wind plant with 2013 updated data obtained from Xcel during the May 21, 2015 meeting (Department's May 28, 2015 Comments, p. 10):

Table 3

Expense Category ($ thousands)	2014 Other O&M Costs	% Energy	% Capacity	Energy Costs	Capacity Costs
Chemicals/Water	13,005.20	100	0	13,005.20	-
Fossil	77,396.80	60.8	39.2	47,057.25	30,339.55
Combustion	43,548.50	0	100	-	43,548.50
Nuclear	309,783.40	80.9	19.1	250,614.77	59,168.63
Combined Cycle	30,601.80	23.7	76.3	7,252.63	23,349.17
Hydro	472.90	85.9	14.1	406.22	66.68
Wind (Grand Meadow & Nobles)	6,823.30	95.6	4.4	6,523.07	300.23
Total Generation	481,631.90	67.4	32.6	324.859.15	156,772.75
Corporate Other	18,516.80	67.4	32.6	12,489.15	6,027.28
Regional Market		67.4	32.6		
	7,983.50			5,384.84	2,598.66
JCOSS O&M Adjustment	(2,063.00)	67.4	32.6	(1,391.49)	(671.51)
Total Other O&M	506,069.20	67.4	32.6	341,342.03	164,727.17

The Department highlighted input data in the table above to facilitate review of Xcel's compliance.

[11] See the Department's May 28, 2015 Comments (Public version), p. 10: "The use of cost data for all production plant costs in Xcel's Plant Stratification analysis that do not reflect Xcel's statement and documentation (Table 4 [corresponds to Table 1 in this briefing paper]) provided during the May 21 meeting that it updated "its CCOSS results using 2013 cost data for Pleasant Valley and Border Winds as well as for all other production plant costs in its Plant Stratification analysis" in compliance with ordering point 712 of the [ALJ's] 2014 Findings of Fact.
Para 712 of the ALJ's Report notes: "Newly received cost information, if presented in a timely and consistent fashion, can help provide the most accurate cost causation information for participants and decision-makers. In this case, the Department has not indicated that the information was filed too late for it and other parties to analyze in the rate case. Therefore, the Administrative Law Judge concludes it is reasonable to require the Company to update its CCOSS results using 2013 cost data for Pleasant Valley and Border Winds as well as for all other production plant costs in its Plant Stratification analysis."

As can be seen from the highlighted cells, the Department not only modified the stratification of the Grand Meadow and Nobles wind plant, it also updated the classification of combustion, nuclear and other production plant.

As can be seen from the table above (Table 3), as a result of the Department's corrections to comply in part with the 2015 Order, classification of Other O&M expenses increases from a 65% energy- related to a 67.4 percent energy-related classification.

While the Department revised the classification percentages (columns 3 and 4 in Table 3 above), the Department observed that Xcel has not updated the breakdown of the expenses of $506,069,200 (the sum of Column 2 in Table 3). The Department noted that the 2014 compliance CCOSS shows a different total amount for the Minnesota jurisdiction Other O&M expenses of $500,311,757,[12] and that an update of the corresponding cost breakdown may affect the compliance classification of the Other O&M expenses.

Staff Note: The Department did not provide the cost apportionment between major customer classes resulting from its revision of the classification of Grand Meadow and Borders wind plants and allocation of the other production O&M costs.

4. Xcel's June 8, 2015 Reply Comments

On June 8, 2015, Xcel filed its response to the Department's concerns.

First, Xcel noted that it eventually understood, and agreed with, the Department's approach of "updating the demand and energy classifications for all production plant, including Company-owned wind, that are used to develop the location method allocator for Other Production O&M."

Second, Xcel updated the other production O&M costs for test years 2014 and 2015. These updates are given in Attachments G and H to Xcel's reply comments. Staff's review of these attachments indicated that Xcel used the Department's recommended allocation. Staff also found a number very close to the Minnesota jurisdiction Other O&M expenses of $500,311,757 in the calculations for the test year 2014.

Xcel also provided the following class cost responsibility in consequence of updating all production plant demand and energy cost for test-year 2015:

[12] Staff was unable verify the amount of $500,311,757 in Xcel's May 1, 2015 compliance filing. The corresponding figure used by Xcel in that filing is $504,691,000.

Table 4: Impact of Updating All Production Plant Demand and Energy Classifications to Calculate the Location Method – 2015 CCOSS

(in $ thousand)

	MN	Residential	Commercial Non-Demand	C&I Demand	Lighting
Adj. Rev. Req. – May 1, 2015 Compliance CCOSS	$2,994,440	$1,087,369	$113,601	$1,767,681	$25,789
Adj. Rev. Red – Location Method Update	$2,994,440	$1,086,671	$113,552	$1,768,376	$25,841
Difference	*$0* *0.00%*	*($698)* *(0.06%)*	*($48)* *(0.04%)*	$694 0.04%	*$52* *0.20%*

5. Staff Comment

The Department has not weighed in on these estimates. However, as calculated by Xcel, the result of re-classification and re-allocation appears to be a negligible reduction in the cost allocated to the residential and small commercial customers and a corresponding increase in the cost apportionment of the large commercial and industrial customers.

Options

A. 1. Accept Xcel's June 8, 2015 filing as in compliance with the Commission's May 8, 2015 Order; <u>or</u>

A. 2. Modify Xcel's June 8, 2015 filing in light of parties' concerns or comments; <u>or</u>

A. 3. Reject Xcel's June 8, 2015 filing as not being in compliance with the Commission's Order.

<u>and</u>

A.4. Direct Xcel to fully accommodate the Department's and other interested parties' concerns in preparing cost studies in future rate cases.

B. Weather-Normalized Sales Data Revision

1. Commission Action

The Commission's May 8, 2015 Order, ordering provision 34, adopted the weather-normalized sales data in Xcel's January 16, 2015 compliance filing for rate-making purposes.

2. Xcel's May 1, 2015 Compliance Filing

In the May 1, 2015, Compliance Filing, Xcel indicated that it reran the 2015 CCOSS in accordance with all the Commission decisions that affect the CCOSS and that in doing so it made "allocator updates and changes" to "present revenues" and "kWh sales" "to reflect 2014 actual weather normalized values."

Xcel presented the updated values ("2014 Compliance") of sales, revenues and customers and compared them to the figures used in the direct testimony, not the January 16, 2015 compliance filing which the Commission adopted in its May 8, 2015 Order.

The following Table 5 reproduces Xcel's updated energy data:

Table 5: 2014 MWh Sales

	[1]	[2]	[3]	[4]
Customer Class	**2014 Direct**	**2014 Compliance**	**Change**	**% Change**
Residential	8,507,873	8,756,626	248,753	2.924%
Commercial Non-Demand	937,895	968,021	30,125	3.212%
C&I Demand	20,614,915	20,859,682	244,767	1.187%
Lighting	174,524	173,879	-645	-0.370%
Total	30,235,207	30,758,208	523,000	1.730%

3. Department Review and Comments

In its May 28, 2015 Comments, the Department noted that the test year 2014 and 2015 sales and customer data used by Xcel did not match the Company's January 16, 2015 compliance filing.

The Department indicated that it explored the discrepancy with Xcel when the two parties met on May 21, 2015. The Department added that Xcel gave the following explanation of the discrepancy:

i. The Company does not include the interdepartmental sales in its CCOSS;

ii. For the customer counts, the Company excluded Auto Protective Lighting Customers from the Company's January 16, 2015 compliance filing. In the CCOSS we include APL customers but exclude Interdepartmental.

The Department observed that the interdepartmental sales for 2014 were approximately 0.04 percent of total sales. The discrepancy in customer counts is approximately 22,768 (as a result of the 11 interdepartmental customers and approximately 22,779 Auto Protective Lighting customers) which equates to approximately 1.8 percent of total customers.

The Department concluded that Xcel's sales input did not match what the Commission adopted in its May 8, 2015 Order.

4. Xcel's May 8, 2015 Reply Comments

Xcel's reply to the Department is given below, for the most part, *verbatim*:

> The Company's CCOSS includes interdepartmental revenues in the calculation of total revenue requirements, but does not include interdepartmental sales or interdepartmental customers in the calculation of customer-based or energy-based allocators. Interdepartmental sales are non-retail. It would therefore be inappropriate to include those customers and those sales in the calculation of allocators used to allocate retail costs. We have used this approach in each of our last five rate cases without objection.
>
> The Company's CCOSS and revenue calculations also appropriately handle Protective Lighting customers. The Company's CCOSS includes several customer-based allocators. The customers included in each allocator differ due to the nature of the revenues and costs being allocated.
>
> In the absence of any language in the Order or in the record addressing a change to the treatment of interdepartmental sales or Protective Lighting, we continued to apply our historical practice in the compliance CCOSSs. We request the Commission affirm our approach as being appropriate.

5. Staff Comment

Staff compared the sales data in Xcel's May 1, 2015 Compliance Filing with the corresponding data included in the January 16, 2015 Compliance Filing.

It is appropriate to compare Xcel's updated sales figures with the data contained in the January 16, 2015 filing because it is the sales data in that filing which the Commission approved. Xcel has now proposed to revise previously adopted numbers.

In the January 16, 2015 filing, Xcel indicated that "the [t]otal actual weather-normalized retail sales for January-December are 30,769,436 MWh."

The following Table 6 provides a comparison of the "2014 Compliance" sales data with the January 16, 2015 compliance weather-normalized sales data:

Table 6: 2014 MWh Sales

Customer Class	**2014 Compliance**	**January 16, 2015**[13]
Residential	8,756,626	8,762,970[14]
Commercial Non Demand	**968,021**	**13,605,514**
C&I Demand	**20,859,682**	**8,179,537**
Lighting	173,879	143,362
Total	30,758,208	30,769,436[15]

The difference in total sales is probably not significant.

What is significant is the discrepancy in the number of Commercial Non-Demand and Commercial Demand sales data (highlighted in bold above). The January 16, 2015 filing appears to have switched (or transposed) the data between these two customer classes.

Xcel's May 1, 2015 "2014 Compliance" sales data are very similar to the MWh sales data contained in Attachment E1, "MWH Sales Annual" of the January 16, 2015 compliance filing, under the label "Updated Rebuttal (Jan-Dec Actual Weather-Normalized) - Yr 2014." The total sale figure is the same, but the break-down of sale data according to this attachment are not the break-down actually submitted as the weather normalized sales data.

The following Table 7 compares the relevant portions of the updated rebuttal data with the 2014 compliance sales data contained in the May 1, 2015 filing:

Table 7: Comparison of Updated Rebuttal with 2014 Compliance MWh Sales Data

Customer Class	2014 Compliance	Updated Rebuttal (January 16, 2015)
Residential	8,756,626	8,756,626
Commercial Non Demand	968,021	961,678
C&I Demand	20,859,682	20,799,202
Lighting	173,879	173,879
Total	30,758,208[16]	30,758,208[16]

Xcel provided several sales updates in Attachment E of the June 8, 2015 compliance filing. This attachment pertains to the economic development discounts which affect the actual revenue. (The application of discounts reduces actual revenue.) It is possible that Xcel updated the sales data (which also requires concomitant adjustment to revenue data) because the Department's comments required a full review of economic development discounts and revenue.

The Commission does have to act on the May 1, 2015 energy sales update because the Commission adopted sales data are not the same as the data now involved in the Xcel cost study

[13] Source: Xcel January 16, 2015 Compliance Filing, Table 1, Attachment A, p. 1.
[14] Combines residential heat with and without space heat.
[15] Total also includes "Other Sales to Public Authority" of 66,823 MWh and "Interdepartmental" of 11,228 MWh.
[16] Also includes sale to public authorities of 66,823 MWh.

as cost allocators. The sales data under the column "2014 Compliance" above are included in the CCOSS as "external data" and are used as "external allocators."[17]

The Commission may seek some additional explanation from Xcel, the Department and other interested parties.

Options

B. 1. Accept the energy sales data revisions (Table 5, in this briefing paper, third column (marked as Column 2)) in Xcel's May 1, 2015 compliance filing. Or

B. 2. Reject the energy sales data revisions. Or

B. 3. Other action by the Commission.

[17] Xcel's June 8, 2015 Reply Comments, CCOSS and Revenue Apportionment Schedules, Attachment A, p. 15.

C. Customer Count Data Revision

1. Xcel's May 1, 2015 Compliance Filing

Xcel provided the following update of the customer count:

Table 8: Customer Count Update

	[1]	**[2]**	**[3]**	**[4]**
Customer Class	2014 Direct	2014 Compliance (May 1, 2015)	Change	% Change
Residential	1,108,321	1,113,587	5,266	0.475%
Commercial Non Demand	86,595	86,824	229	0.265%
C&I Demand	45,534	45,642	108	0.237%
Lighting	27,277	26,861	-415	-1.523%
Total	1,267,726	1,272,915	5,188	0.409%

2. Department's May 28, 2015 Comments

The Department concluded that, based on the information available at this point, Xcel's customer inputs do not match the data adopted by the Commission in its May 8, 2015 Order. The Department indicated that the discrepancy in customer count was approximately 22,768 (as a result of the 11 interdepartmental customers and approximately 22,779 Auto Protective Lighting customers) which equated to approximately 1.8 percent of total customers.

3. Staff Comment

As with the energy sales data, the customer count data are used in external allocators in the CCOSS and requires Commission approval.

In Staff's calculation, the difference between the May 1, 2015 compliance filing and the January 16, 2015 filing works out to 1,272,915 - 1,250,146 = 22,769, a figure which is very close that calculated by the Department.

However, Staff noticed a different discrepancy between Xcel's January 16, 2015 filing and the May 1, 2015 filing.

The 2014 test year customer data given in Xcel's January 16, 2015 filing are presented below:

Table 9: Customer Count from January 16, 2015 Filing
(Source: Xcel's January 16, 2015 filing, Attachment A, Table 2, p. 1)

Customer Class	Actual Customers Jan-Dec 2014
Residential without Space Heat	1,081,230
Residential with Space Heat	32,357
Small Commercial & Industrial	129,939
Large Commercial & Industrial	438
Public Street & Highway Lighting	4,081
Other Sales to Public Authority	2,090
Interdepartmental	11
Total Retail	**1,250,146**

As with energy sales data, it appears as though the January 16, 2015 filing contained some errors in the identification of small and larger commercial customers.

The Commission may wish to hear from the parties before acting on this issue.

Options

C. 1. Accept the customer count data revisions (Table 8, in this briefing paper, third column (marked as Column 2)) in Xcel's May 1, 2015 compliance filing. or

C. 2. Reject the customer count data revisions. or

C. 3. Other action by the Commission.

D. Revenue Data Revision

1. Xcel's May 1, 2015 Compliance Filing

Xcel provided the following revision to the test year 2014 revenue data:

Table 10: 2014 Present Revenues ($'000)

	[1]	[2]	[3]	[4]
Customer Class	**Direct CCOSS**	**Compliance CCOSS**	**Change**	**% Change**
Residential	$1,001,398	$1,023,121	$21,723	2.169%
Commercial Non Demand	$105,523	$108,086	$2,563	2.429%
C&I Demand	$1,655,347	$1,669,134	$13,787	0.833%
Lighting	$26,477	$26,319	-$158	-0.597%
Total	$2,788,745	$2,826,661	$37,916	1.360%

2. Staff Comment

When the sales and customer data change, so would the revenue data.

Like the energy sales and customer count data, revenue figures also appear as external allocators in Xcel's cost study.

The Commission may wish to hear from interested parties before acting on this issue.

Options

D. 1. Accept the revenue data revisions (Table 10 above, column 2) in Xcel's May 1, 2015 compliance filing. or

D. 2. Reject the revenue data revisions. or

D. 3. Other action by the Commission.

E. Amount of Economic Development Discounts[18]

1. Staff Note

The economic development discount appears in two different roles in Xcel's cost study. First, it appears in an exogenous manner affecting present revenues. Second, as discounts result in lower revenue, the cost of the lower revenue is allocated to the various customer classes according to present revenue. Discounts, in general, appear in the last stage of a cost study as adjustments to allocated costs.

The Commission's May 8, 2015 Order does not deal with economic development discounts because the ALJ considered this issue to be resolved. It was resolved in the sense that Xcel agreed to adopt the Department's recommendation to set 2014 and 2015 economic development discounts at the 2013-actual level. This amount is identified to be **[TRADE SECRET BEGINS TRADE SECRET DATA ENDS]**.[19]

The Department's review of the May 1, 2015 compliance filing showed that Xcel had not separated the economic development discount from the interruptible service discount. An exploration of this issue led to the discovery that while Xcel did, after all, use the correct amount of economic development discount, the total discount used by Xcel turned out to be higher than was presented in testimony during the rate case proceeding.

The Department reoriented the issue then to limit the total discount to $68,514,000 and no more.

Xcel does not agree with the Department.

2. Department's May 28, 2015 Comments

The Department noted that it was unable to verify the amount of economic development discounts allowed for in the cost study because Xcel does not specifically identify these discounts. These discounts are combined with the interruptible rate discounts and shown as a single line item, "Rate Discounts," in the cost study.

The Department noted that Xcel initially responded to the Department's discovery by indicating that "the rate discounts for economic development were inadvertently excluded from the rate process of Xcel's 2014 and 2015 compliance CCOSS."

Xcel supplied the information regarding economic development discounts in response to the Department's discovery. The Department reviewed Xcel's response and concluded that Xcel was in compliance with the identification and inclusion of the amount related to economic development discounts.

[18] Xcel has three economic development discount programs (Huso Rebuttal, p. 38): the Area Development Rider (ADR); the Competitive Response Rider (CRR) and the Business Incentive and Sustainability Rider (BIS Rider). Economic development discounts are the costs associated with these programs. Economic development discounts are based on the customer's annual energy consumption and offer a discount from standard rates. They result in lower revenues for Xcel and are, therefore, a cost. The discounts are recovered from all customer classes according to present revenue formula, so the adjusted cost responsibility is higher than its unadjusted counterpart.

[19] Department Comments, May 28, 2015, p. 12.

However, the Department's review of the economic development discounts revealed a discrepancy in the amount of total discounts used by Xcel in its cost study.

In the rebuttal testimony, Xcel allowed for a total discount amount of $68,514,000 for the test year 2014.[20] In the information provided to the Department, Xcel had identified the total amount of discount as $70,399,145.[21] In another response to the Department, Xcel calculated a total 2014 and 2015 rate discount amount of **[TRADE SECRET DATA BEGINS TRADE SECRET DATA ENDS]** as the result of using the 2013 actual economic development discounts disbursed by Xcel. As Staff noted before, there are multiple estimates of the same variable.

The Department argues that Xcel's admission that it excluded the economic development discounts raises more questions about Xcel's proposed compliance and that the data cannot be verified based on the information available at this time.

The Department recommends that Xcel's "Rate Discounts" amount used in the compliance 2014 and 2015 CCOSSs should be limited to $68,514,000.

3. Xcel's June 8, 2015 Reply Comments

Xcel indicated that there has been no change in the level of economic development discounts from what was agreed to in the rebuttal testimony and that the change in total rate discounts from the rebuttal levels is entirely attributable to the level of interruptible rate discounts, which changed to reflect the Commission's decisions on the underlying sales.

Xcel does not agree with the Department's recommendation to limit total rate discounts to $68.514 million. In the June 8, 2015 Reply Comments, Xcel used a total discount of **[TRADE SECRET DATA BEGINS TRADE SECRET DATA ENDS**] for the test year 2014 and **[TRADE SECRET DATA BEGINS TRADE SECRET DATA ENDS]** for the step year 2015.

Xcel presented the impact of the allocation of economic development discounts as follows:

[20] Peppin Rebuttal, Exhibit MAP-2, Schedule 1, p. 1, Summary of Proposed 2014 Rebuttal Class Cost of Service Study Results.
[21] The Department's May 28, 2015 Comments, Attachment 2, p. 9.

2015 CCOSS ($ '000)

	MN	Residential	Commercial Non-Demand	C&I Demand	Lighting
Adj. Rev. Req. – May 1, 2015 Compliance CCOSS	$2,994,440	$1,087,369	$113,601	$1,767,681	$25,789
Adj. Rev. Req – Economic Development Allocation Correction	$2,994,440	$1,087,839	$113,651	$1,767,161	$25,789
Difference	*$0* *0.00 %*	*$470* *0.04%*	*$50* *0.04%*	*($520)* (0.03%)	*$0* *0.00%*

4. Staff Comment

Staff is not at all clear why Xcel felt the necessity to revise discounts. The Commission's May 8, 2015, Order treats this as a resolved issue. While Xcel noted that "the change in total rate discounts from Rebuttal levels is entirely attributable to the level of interruptible rate discounts, which changed to reflect the Commission's decisions on the underlying sales," Staff notes that the Commission's "decision on the underlying sales" was limited to adopting sales figures supplied by Xcel in the January 16, 2015 filing. It is not clear what caused Xcel to make these revisions.

In the rebuttal stage of the rate case proceeding, Xcel indicated the total amount of discounts to be $68.514 million. The amount of economic development discounts Xcel stipulated to should have been included in this $68.514 million. Errors of this sort, detected after the rate case has been heard by the Commission, are simply not permissible under Minnesota statutes.

As a general matter, Staff shares in the Department's concern with the presentation of a cost study which makes it difficult to track how changes in inputs affect the final allocation of costs.

Staff is also aware that the Department's concerns have not resulted in substantial changes to the customer class cost apportionment as calculated by Xcel.

Thus, although post-hearing data revisions are not permissible, because of the urgency attending to rate-setting at this point in this proceeding, and considering that the amount in dispute is unlikely to cause major shifts in customer class cost allocation, the Commission may wish to not take any action in this regard.

Options

E.1. Accept Xcel's May 1, 2015 filing as in compliance with the ALJ's report. or

E. 2. Reject Xcel's May 1, 2015 filing; direct Xcel to limit the total amount of discounts used to adjust customer class responsibility to $68,514,000. or

E. 3. Take no action.

F. Overall Compliance with Commission's Order in this Docket and the Monticello Docket

1. Staff Note

The Commission's May 8, 2015 Order, ordering provision 48, requires Xcel to incorporate all of the Commission's decisions in this docket as well as Monticello docket (Docket No. E-002/CI-13-754) in revising the CCOSS and in designing class revenue apportionment.

As was indicated before, the CCOSS breaks down a utility's total revenue requirement into its constituent customer class cost responsibility. The revenue requirement and factors that affect it like the rate base, the cost of capital, depreciation, and such factors are exogenous to the cost study – they are inputs that come from outside and are distinct from the functionalization, classification and allocation of the revenue requirement which are the essence of a cost study.

Costs are apportioned to each customer class by, first, functionalizing the costs, then classifying, and then allocating the revenue requirement. In the functionalizing stage, costs are divided between generation, transmission and distribution functions. In the second step, costs are further segregated into demand, energy and customer classifications. In the final step, the classified costs are allocated between customer classes. These costs are then broken down between fixed monthly costs and usage costs.

The Department remarked that each customer class' share of revenue requirement will depend not only on the Commission's decision on specific classification and allocation methods within the CCOSS, but also on the Commission's decision on specific exogenous variables of the CCOSS such as the amounts and items in the rate base, expenses, the rate of return, and sales forecast.

The Department indicated that the cost study utilizes non-financial (sales forecast, revenue and customer count, for example) and financial (revenue requirement -- used and useful and prudent, cost of capital, and so on) input data. These inputs are exogenous to the cost study and come from "outside." Xcel has argued that differences of opinion regarding revenue requirements issues is unrelated to whether the CCOSS correctly classifies and allocates the ultimate revenue requirement to customer classes. Xcel has undertaken to reflect any clarifications provided by the Commission on these issues in the final compliance CCOSS.[22]

In any event, these exogenous inputs are combined with a variety of formulas and equations in the cost study to determine each customer class' cost responsibility. In reality, the cost study is a collection of spreadsheets.

The Department noted that a practical difficulty in evaluating and validating a cost study arises because there are no separate tabs that clearly identify all the inputs (non-financial and financial data) and relationships between the variables. An exhaustive investigation of a cost study is then done pursuant to discovery and meetings between parties.

[22]Xcel's May 8, 2015 Reply Comments (Public), p. 4.

2. Department's May 28, 2015 Comments

In order to evaluate whether the financial impact of the Commission's May 8, 2015 Order was included in the CCOSS, the Department selected the following financial adjustments in 2014 and 2015 for testing:

- 2014 – Monticello not used and useful
- 2014 – PI Extend Power Uprate (EPU) short-term debt return only
- 2014 – Corporate Aviation
- 2014 and 2015 – Rate of Return
- 2015 – Monticello Prudency
- 2015 – Production Tax Credits (PTC) for Borders Wind and Pleasant Valley

The Department concluded that Xcel's May 1, 2015 compliance cost study correctly reflected the financial impacts of the Commission's May 8, 2015 Order, **except for**

- implementation of the Commission's Monticello Order,
- the rate of return for 2015 Step,
- Corporation Aviation adjustment, and
- Production Tax Credits (PTC) for Borders Wind and Pleasant Valley.

Regarding the financial impact of Monticello, the Department noted that its concerns are contained in its petition for clarification where the Department has indicated that if Xcel's proposal is approved, it would award Xcel $2.1 million more for 2015 than the Commission appears to have allowed Xcel to recover from ratepayers.[23] The inclusion of the appropriate amount of revenue requirement in the cost study is, therefore, pending before the Commission.

Regarding the rate of return for 2015 step year, the Department noted that Xcel determined the 2015 Step to be $3,323,000 greater than the amount shown in the Commission Order at page 94. The Department explained that the difference was based on the Commission applying the 2015 rate of return only to the 2015 Step projects, and not to the 2014 rate base plus the 2015 Step projects which is Xcel's preferred option. The Department noted that it would be appropriate to apply the rate of return only to the 2015 Step projects. This issue is, therefore, also pending before the Commission.

Regarding corporation aviation expense, the Department deferred to the OAG's judgment regarding the reduction in the cost study of $840,000 in administrative and general expenses. OAG indicated that it has reviewed Xcel's calculation of the Commission's decision on corporate Aviation and was satisfied that Xcel's adjustment is consistent with the Commission's decision.[24]

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[23] The Department's Request for Reconsideration and Clarification of the Minnesota Public Utilities Commission's Findings of Fact, Conclusions of Law and Order, May 28, 2015, p. 15.
[24] OAG's June 8, 2015 Reply Comment, footnote 1, p. 1.

Regarding production tax credits for Borders Wind and Pleasant Valley, the Department indicated that Xcel's reduction of the Federal and State Taxes by $6,504,000 was not consistent with the adjustment agreed to by the Department and Company of $11,903,000.

3. Xcel's June 8, 2015 Reply Comments

Xcel acknowledged that it interpreted the Commission's May 8, 2015 Order regarding rate of return for 2015 Step and the Commission's Monticello Order differently from the Department and that the difference of opinion resulted in different underlying revenue requirements. As noted before, Xcel emphasized that differences of opinion regarding revenue requirements issues is unrelated to whether the CCOSS correctly classifies and allocates the ultimate revenue requirement to customer classes. Xcel noted that it would reflect any clarifications provided by the Commission on these issues in the final compliance CCOSS.

Regarding the PTC credit, Xcel responded that

> "the PTC credit is absorbed in the NOL [net operating loss] calculation (the NOL grows due to deferring the impact of the PTCs in the current year). Also note that the Cost of Service included in the April 24 filing used a revenue offset for the impact of the PTCs but they should be recorded on the Federal Tax Credit line. Lastly, the difference between $6,504,000 tax impact and the $11,093,000 revenue impact is the gross-up factor for taxes of 1.705611. This ensures the revenue requirement impact is the same in both treatments."

The Department, however, noted that Xcel needed to fully explain and document the reason for this difference.

4. Staff Comment

It is not clear whether further adjustments to the revenue requirement will substantially affect the individual customer class apportionment of the revenue requirement. Thus far, Xcel's implementation of the Department's suggestions has not resulted in any great change individual customer class cost allocation.

The Commission may require Xcel to file another compliance cost study in light of its decisions. The Commission may, on the other hand, accept the cost responsibilities of individual customer classes (p. 5 of this briefing paper) and direct Xcel to incorporate the changes recommended by the Department in the future rate cases.

Although the Department opined that Xcel's compliance cost studies did not fully comply with ordering point 712 of the ALJ's Findings of Fact and with ordering paragraphs 35 and 36 of the Commission's May 8, 2015 Order, the Department has not asked the commission to reject compliance cost studies. The OAG has also maintained that Xcel's cost study is not incompliance. But both parties have moved on to the revenue apportionment step.

The Department has, however, suggested prospective ways to evaluate Xcel's cost study more easily and improvements such that changes to inputs are readily and transparently carried throughout the model. Staff supports this approach.

Staff supports the Department's recommendation that the Commission require Xcel to ensure internal consistency within its cost study for the next rate case and to provide direct links to all inputs used in its model so that the Department may be able to determine the cost allocations resulting from input changes.

Staff also supports the Department's recommendation that Xcel link the input sources to the financial data and non-financial data filed in the record so that any changes made in compliance are clearly and promptly reflected in the relevant compliance cost study.

For this rate case, Staff supports the Department's recommendation the Commission direct Xcel to provide estimated rate and bill impacts for customer classes to affirm the methodology of apportioning revenue responsibility. (This recommendation is also discussed in the rate design section of the briefing papers in Volume IV.)

Options

F. 1. Accept

a. the following class cost of service results for test year 2014 and step year 2015 contained in the June 8, 2015 filing:

Summary of 2014 Compliance Class Cost of Service Study Results ($000)

ADJUSTED COST RESPONSIBILITIES						
		Total	Residential	Non-Demand	Demand	Street Ltg
[11]	Adjusted Rate Revenue Reqt (line 1 + line 10)	2,884,839	1,047,820	109,712	1,702,974	24,332
[12]	Incr Misc Chrgs & Late Pay (CCOSS page 7, line 21 to line 23)	107	78	5	24	0
[13]	Adjusted Operating Revenues (line 11 + line 12)	2,884,946	1,047,899	109,717	1,702,998	24,333
[14]	Present Rates (line 4)	2,826,039	1,023,255	108,102	1,668,360	26,321
[15]	Adjusted Deficiency (line 13 - line 14)	58,908	24,643	1,615	34,638	(1,989)
[16]	Defic / Pres Rates (line 15 / line 14)	2.1%	2.4%	1.5%	2.1%	-7.6%
[17]	Ratio: Class % / Total %	1.00	1.16	0.72	1.00	-3.62

Summary of 2015 Compliance Class Cost of Service Study Results ($000)

ADJUSTED COST RESPONSIBILITIES						
		Total	Residential	Non-Demand	Demand	Street Ltg
[11]	Adjusted Rate Revenue Reqt (line 1 + line 10)	2,994,440	1,087,141	113,603	1,767,855	25,841
[12]	Incr Misc Chrgs & Late Pay (CCOSS page 7, line 21 to line 23)	306	224	14	67	1
[13]	Adjusted Operating Revenues (line 11 + line 12)	2,994,746	1,087,364	113,617	1,767,923	25,842
[14]	Present Rates (line 4)	2,826,661	1,023,121	108,086	1,669,134	26,319
[15]	Adjusted Deficiency (line 13 - line 14)	168,085	64,243	5,530	98,789	(477)
[16]	Defic / Pres Rates (line 15 / line 14)	5.9%	6.3%	5.1%	5.9%	-1.8%
[17]	Ratio: Class % / Total %	1.00	1.06	0.86	1.00	-0.30

and require Xcel to:

b. ensure internal consistency within its CCOSS in time for the next rate case and provide direct links to all inputs used in its model;

c. include specific tabs within its CCOSS model that clearly identify all inputs (non-financial and financial) as well as all relationships between variables used in the cost model;

d. link input sources to the financial data and non-financial data filed in the record so that any changes made in compliance are clearly and promptly reflected in the relevant compliance cost study; and

e. provide estimated rate and bill impacts for customer classes to affirm the methodology of apportioning revenue responsibility.

F. 2. Modify Xcel's May 1, 2015 and June 8, 2015 compliance filings.