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September 24, 2025

—Via Electronic Filing—

Sasha Bergman
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101

RE: REPLY COMMENTS
2026 ANNUAL FUEL FORECAST AND MONTHLY FUEL COST CHARGES
DOCKET NO. E002/AA-25-63

Dear Ms. Bergman:

Northern States Power Company, doing business as Xcel Energy, submits this Reply to the Response Comments filed by the Minnesota Department of Commerce, Division of Energy Resources (Department) on August 29, 2025 in the above-referenced docket. The Company acknowledges the Department's recommended forecast modification and provides additional information in support of our initial forecast methodology.

In response to the Department's initial Comments, the Company provided additional support in Reply to justify the reasonableness of our congestion cost forecasting method. While the Department acknowledged in Response Comments the inherent challenges of forecasting congestion costs, they remained concerned that the forecasted 2026 congestion costs are materially above recent actuals.

As a result, the Department recommended the Commission require the Company to use a 36-month average (from July 2022 to June 2025) to forecast congestion costs for 2026. If approved by the Commission, the Department's recommendation reduces net congestion costs by **[PROTECTED DATA BEGINS PROTECTED DATA ENDS]**. The Company acknowledges that the fuel forecast is subject to true-up, and therefore we would not oppose the Department's recommended modification to our forecast methodology.

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However, we continue to believe the period the Company has chosen to forecast total MISO costs, including congestion, appropriately reflects the volatility that exists in these charges, and we believe that it more adequately provides a representation of future charges. The Company compared both methods against the most recent 12 months of actual charges ending June 2025 to evaluate which method more accurately reflects projecting future charges. For this comparison, the parameter of merit is total MISO costs rather than just congestion costs, which is the focus of the Department's analysis. The Company has always used total MISO costs in our analysis of the period to use when projecting future costs and has always provided total MISO costs and the individual components in support of our method in our filing documents.

Table 1 below shows the comparison of the most recent 12 months of actual MISO costs for July 2024 through June 2025 to NSPM's method proposed in our filing and to the method recommended by the Department in their Response Comments.

Table 1
MISO Charges 12-Month v. 36-Month Forecast (in \$1000s)

Category	Recent 12 Mth		NSPM Method		DOC Method 36 Mth	
	7/2024 - 6/2025		4/2021 - 6/2025	Delta	7/2022 - 6/2025	Delta
[PROTECTED DATA BEGINS]						
Congestion						
FTR						
Incremental Transmission losses						
RSG/RNU						
ASM						
MISO Charges TOTAL						
[PROTECTED DATA ENDS]						
Variance Total				3.3%		-14.0%
[PROTECTED DATA BEGINS]						
Congestion + FTR						
[PROTECTED DATA ENDS]						
Variance Congestion + FTR				6.0%		-12.0%

The comparison above clearly shows that our method is more closely aligned with actual costs, demonstrating only a 3.3 percent variance to the most recent 12 months of actual MISO costs. By comparison, the Department's method would have resulted

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in costs 14 percent lower than actual costs for the 12-month period, demonstrating a direction to under-forecast costs.

By focusing only on congestion, the Department's proposed method neglects financial transmission rights (FTR) revenues, which are the primary offset to congestion costs and equally important to consider in developing a method. Taking congestion and FTR together, our method again results in a closer comparison to the most recent 12 months of actual costs. Our method shows 6 percent too high versus the Department's method which would be 12 percent too low.

The Company respectfully requests the Commission to approve our 2026 Fuel Forecast and resulting rate calculations as provided in our July 30, 2025 Reply Comments. If the Commission orders the Company to implement the Department's recommended 36-month congestion forecast methodology, we will provide recalculated 2026 fuel clause rates, supporting schedules, and updated tariff sheets in compliance.

Please note that portions of our Reply and attachments are marked as "Not Public." Certain data is considered to be "not public data" pursuant to Minn. Stat. § 13.02, Subd. 9, and is "Trade Secret" information pursuant to Minn. Stat. § 13.37, subd. 1(b) as this data derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use.

We have electronically filed this document with the Minnesota Public Utilities Commission, and copies have been served on the parties on the attached service lists. Please contact Rebecca Eilers at 612-330-5570 or rebecca.d.eilers@xcelenergy.com or me at 612-330-7681 or lisa.r.peterson@xcelenergy.com if you have any questions regarding this filing.

Sincerely,

/s/

LISA R. PETERSON
DIRECTOR, REGULATORY PRICING & ANALYSIS

cc: Service List

CERTIFICATE OF SERVICE

I, Joshua DePauw, hereby certify that I have this day served copies of the foregoing document on the attached list of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota

xx electronic filing

Docket No. **E002/AA-25-63**

Dated this 24th day of September 2025

/s/

Joshua DePauw
Regulatory Administrator

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