



414 Nicollet Mall  
Minneapolis, MN 55401

October 10, 2025

—Via Electronic Filing—

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

RE: REPLY COMMENTS  
2025 ANNUAL REPORT – ADMINISTRATIVE SERVICE AGREEMENT  
DOCKET No. E,G002/AI-25-245

Dear Ms. Bergman:

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission (Commission) these REPLY COMMENTS to the September 29, 2025 COMMENTS of the Department of Commerce, Division of Energy Resources (Department) in the above-noted docket. The Department addressed our May 30, 2025 Annual Report regarding Xcel's Administrative Service Agreement (ASA) with Xcel Energy Services Inc (XES). The Minnesota Office of the Attorney General, Residential Utilities Division (OAG) submitted a Letter in support of the Department's Comments on October 9, 2025.

In these Reply Comments we respectfully request that the Commission approve the Sixth Amendment to the Service Agreement between the Company and XES as discussed in our May 30, 2025 Annual Report. We appreciate the Department's review of our 2025 ASA Annual Report but disagree with their recommendation, and the OAG's support of the recommendation, to allocate Wildfire Mitigation indirect costs based on Wildfire Mitigation direct costs.

We disagree with the Department's recommendation because a core principal of allocating costs from XES to the Company through the ASA is that costs that cannot be direct assigned should be allocated based on a cost-causative methodology.<sup>1</sup> Direct costs incurred are not a cost-causative method of allocating indirect costs (which for wildfire costs include things like situation awareness information technology (IT)

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<sup>1</sup> The framework of how costs are assigned is outlined in our Cost Allocation and Assignment Manual, initially established in Docket No. E002/GR-92-1185 and reaffirmed in Docket No. E,G999/CI-90-1008.

costs and meteorology/fire science modeling IT costs), and the Company is not clear on how indirect costs can be allocated on a direct cost basis.

Beyond our concern that allocating costs based on a direct cost basis is not a cost-causative methodology, we are also concerned that the Department's recommendation risks distorting indirect cost allocations due to variability in wildfire activity from year to year. Because allocation percentages are updated annually (based on actual figures as of December 31 of each year) and effective from April 1 through March 31 of the following year, a year with significant wildfire activity could disproportionately influence the subsequent year's allocations and not truly represent a cost causative methodology for allocation.

For example, if a significant wildfire occurred in the NSPM Minnesota jurisdiction in one year but not in other jurisdictions, it would not be appropriate to allocate a disproportionate share of indirect wildfire mitigation costs to that jurisdiction in the following year despite no similar occurrence. Discrete wildfire events in jurisdictions drive direct cost assignments specific to those events and do not drive the Company's need to incur indirect costs, such as IT supporting situational awareness tools deployed to continuously monitor assets and conditions across the Company's footprint.

We note that the issue of allocating Wildfire Mitigation indirect costs was also raised in our ongoing electric rate case (Docket No. E002/GR-24-320), by both the Department and Minnesota Office of the Attorney General. In addition to this Reply Comment, we address our opposition to the recommendation to change the allocation method in the Rebuttal Testimony of Company witness Nicole L. Doyle, which has been filed on the same day as this letter in Docket No. E002/GR-24-320.

We have electronically filed this document with the Commission, and copies have been served on the parties on the attached service list. Please contact Brandon Kirschner at [brandon.m.kirschner@xcelenergy.com](mailto:brandon.m.kirschner@xcelenergy.com) or (612) 215-5621 or Lynnette Sweet at [Lynnette.m.sweet@xcelenergy.com](mailto:Lynnette.m.sweet@xcelenergy.com) or (612) 321-3159 if you have questions regarding this filing.

Sincerely,

/s/

AMBER HEDLUND  
MANAGER, REGULATORY AFFAIRS

cc: Service List

## CERTIFICATE OF SERVICE

I, Marie Horner, 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. E,G002/AI-25-245**

Dated this 10th day of October 2025

/s/

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Marie Horner  
Regulatory Administrator

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