



414 Nicollet Mall
Minneapolis, MN 55401

March 31, 2026

—Via Electronic Filing—

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

RE: XCEL ENERGY'S PETITION FOR APPROVAL OF 2023 ANNUAL FUEL FORECAST
AND MONTHLY FUEL COST CHARGES
CAH CASE NO. 21-2500-40336
DOCKET NO. E002/AA-22-179

Dear Ms. Bergman:

Northern States Power Company, doing business as Xcel Energy, submits this letter pursuant to Minn. R. 7829.2700 in response to the March 11, 2026 Findings of Fact, Conclusions of Law, and Recommendation (Report) in this matter.

The Company appreciates that the Commission referred this matter to a contested case. At the outset of this proceeding, the Company advocated for a contested case proceeding because it was important to allow all parties to provide evidence of what they believe to be the actual impact on our customers of the 2023-2024 outage at the Prairie Island Generating Plant. While the Company strongly disagrees with the ALJ's ultimate conclusions and recommendation, the Company does not believe that continuing to litigate the appropriate refund for our customers at this stage is a productive exercise. As a result, following issuance of the Report, the Company attempted to resolve this matter with parties to avoid continued dispute and controversy. Unfortunately, we were unable to come to a resolution that all parties would accept.

While these efforts with the other parties were not successful, the Company has decided not to file the typical exceptions that would detail its disagreements with the Report. Rather, it offers to the Commission a full and final resolution of this matter that it believes is more than reasonable to our customers and may avoid future litigation concerning the proper calculation of replacement power costs.

First, the Company would agree to refund \$40.6 million to our customers related to the outage, with interest at the prime rate, as recommended by the ALJ. Notably, this is more than the \$40.1 million refund ultimately recommended by the Department of Commerce.¹ It was calculated using the locational marginal price (“LMP”) methodology that the Company disputes because this methodology does not attempt to consider how the MISO market responded to the loss of Prairie Island to minimize costs. A \$40.6 million refund also does not consider any work that the Company performed that mitigated the impact of the outage on our customers or the benefits this work provided to our customers. Notwithstanding our ongoing disagreements related to these issues, the Company does not believe that continuing litigation of the refund amount is in the public interest, and therefore offers the above proposed resolution.

In addition, the Company proposes that the Commission encourage the parties to work cooperatively to explore developing an agreed-upon methodology for calculating replacement power costs in possible future outage-related proceedings and to report back to the Commission on the status or resolution of such efforts within 90 days of the date of the Commission order approving this agreement. While future cases may have unique facts that must be considered, the Company believes such cooperative work could avoid future litigation regarding the appropriate methodology to calculate replacement power costs.

Finally, the Company would agree to provide testimony or other evidence in its next rate case confirming that it is not requesting recovery of outside expert or outside legal costs associated with this proceeding. The Company confirms here that it has not included these costs in its current electric or natural gas rate case. This means that the Company will not seek recovery of these outside costs from this case in any proceeding.

The Company does not believe that the Commission should accept the ALJ’s recommendation that “in a future rate case or cost-recovery proceeding that relies on actual cost data,” the Company show that “internal” costs for this case have been “adjusted out of the test year(s) or otherwise removed.” This recommendation from the ALJ is based on a proposal from the OAG made for the first time in its initial brief and without any basis or support. It is problematic for at least three reasons. First, the Company’s internal costs of this contested case are not incremental. Rather, they are primarily labor and other costs of internal staff that the Company would have incurred even if the contested case had not occurred. Second, it is not clear how the Company would “adjust out” costs from 2025 and 2026 in a future rate case that would have a

¹ In briefing, the Department stated that the Company should refund “at least” the \$40.1 million that its witnesses had supported in testimony.

test year no earlier than 2027. Third, and relatedly, the OAG did not raise this recommendation in the Company's *current* rate case, which would have been the appropriate venue to do so since it seeks to deny a portion of the Company's internal costs from the 2025-2026 time-period. As a result, its attempt to have the Commission order these costs removed in the Company's next rate case would constitute retroactive ratemaking.²

The Company's proposal here renders many of the ALJ's findings unnecessary, since the Company would accept the recommended refund and establish a process for calculating replacement power costs in future proceedings. As a result, the Company proposes that the Commission modify these unnecessary findings by replacing them with acceptance of the Company's proposal as described here. Specifically, the Company proposes that the Commission take the following actions in response to the ALJ's report:

- Accept Findings 1-73 of the ALJ's Report, which provide the necessary factual background of the dispute and the parties' positions;
- Modify Findings 74-203 and Conclusions 1-18 of the ALJ Report by striking them and replacing them with the following order points:
 - Accept the Company's proposal to refund customers \$40.6 million plus interest at the prime rate, compounded monthly until the refund is fully paid.
 - Require the Company to make a compliance filing no later than 30 days from the date of the Commission's order approving this agreement. The compliance filing will set forth the full refund amount, including interest, as well as the anticipated refund date.
 - Require the Company to work cooperatively with the other parties in this docket to explore developing an agreed-upon methodology for calculating replacement power costs in future outage-related proceedings and report back to the Commission on the status or resolution of such efforts within 90 days of the date of the Commission order approving this agreement.
 - Accept the Company's proposal that it will not seek to recover outside expert and legal costs associated with this proceeding, and require the

² Notably, the OAG had the opportunity to raise this issue in the Company's current rate case if it had wanted to and did not do so. The Commission issued its order referring this matter to a contested case on November 15, 2024—two weeks after the Company's current rate case was filed. *See* ORDER APPROVING 2023 FUEL-CLAUSE TRUE-UP REPORT, REQUIRING ADDITIONAL FILINGS, FINDING IMPRUDENCE, AND NOTICE OF AND ORDER FOR HEARING (Nov. 15, 2024). The OAG's Direct Testimony in that case was not due until August 22, 2025, after all parties had filed Direct and Rebuttal Testimony in the current case. The OAG's Initial Brief in the rate case was due on January 28, 2026, months after the evidentiary hearing in this case and weeks after the final briefs were filed.

Company to provide testimony or other evidence in its next rate proceeding demonstrating compliance with this proposal.

As noted above, the Company appreciates the Commission's decision to refer this matter to a contested case so that it and other parties could present evidence supporting their recommendations. While the Company disagrees with the Report's conclusions and recommendation, it proposes the resolution explained above as a reasonable outcome and a full and final resolution of this matter.

We have electronically filed this document with the Minnesota Public Utilities Commission, and copies have been served on the parties on the attached service list. Please contact Stephanie Mayers at stephanie.m.mayers@xcelenergy.com or contact me at ian.m.dobson@xcelenergy.com if you have any questions regarding this filing.

Sincerely,

/s/

IAN M. DOBSON
LEAD ASSISTANT GENERAL COUNSEL

cc: Service List

CERTIFICATE OF SERVICE

I, Christine Schwartz, 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-22-179

Dated this 31st day of March 2026

/s/

Christine Schwartz
Regulatory Administrator

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