



Staff Briefing Papers

Meeting Date February 5, 2026

Agenda Item 4*

Company Northern States Power Co. d/b/a Xcel Energy

Docket No. G-002/M-25-67

In the Matter of the Petition of Xcel Energy for Approval of Changes in Contract Demand Entitlements

Issues Should the Commission approve Xcel Energy's Petition for a Change in Contract Demand Entitlements?

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✓ Relevant Documents

Date

Xcel Energy – Initial Filing	August 1, 2025
Xcel Energy – Supplemental (Compliance) Filing	October 31, 2025
Department of Commerce, Division of Energy Resources—Comments	November 19, 2025
Xcel Energy – Letter—Maplewood and Sibley Facilities Update	December 1, 2025
Xcel Energy – Reply Comments	December 2, 2025
Xcel Energy – Letter—Maplewood and Sibley Facilities Update	January 6, 2026

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I. Background

On August 1, 2025, Northern States Power Company, doing business as Xcel Energy (Xcel or the Company), submitted a Petition for approval of a Change in Contract Demand Entitlements seeking approval to implement, through the Purchased Gas Adjustment (PGA), changes in its interstate pipeline transportation, storage entitlements, and other demand-related contracts for the upcoming 2025-2026 year (Petition). Xcel requested approval to implement its 2024-2025 Heating Season Supply Plan effective November 1, 2025.

On October 31, 2025, Xcel submitted a Compliance Filing Supplement in which it provided a discussion on changes to resource cost levels, an update on hedging transactions for the 2025-2026 winter heating season, and an update on the progress of improvements to the Maplewood and Sibley Peaking Plants.

On November 19, 2025, the Minnesota Department of Commerce, Division of Energy Resources (Department) submitted Comments evaluating the reasonableness of the design day requirements, proposed overall demand entitlements, reserve margins, jurisdictional allocation, supplier reservation fees, and PGA cost recovery proposals. The Department added that it would file additional comments after it received Xcel's Reply Comments regarding the Department's request for a detailed account of the Sibley Facility upgrades.

On December 1, 2025 Xcel filed an update related to the Maplewood and Sibley Peaker Plants improvements.

On December 2, 2025, Xcel filed Reply Comments in which it appreciated the Department's review and recommendation for approval. The Company also provided a detailed discussion of the progress at the Sibley Facility, as requested by the Department, and proposed a modification to future reporting requirements on the peaker plants.

On January 6, 2026, Xcel filed an update related to the Maplewood and Sibley Peaker Plants improvements.

II. Discussion

A. Xcel Energy - Petition

Minnesota Rule, part 7825.2910, subpart 2¹ requires gas utilities to make a filing whenever there is a change to demand-related entitlement services provided by a supplier or transporter of natural gas.

The Automatic Adjustment of Charges rule, parts 7825.2390 through 7825.2920, requires gas utilities to file a request to increase or decrease demand, to redistribute demand percentages among classes, or to exchange one form of demand for another. "Demand" means the

maximum daily volumes of gas that the utility has contracted with a supplier or transporter to receive.

A filing must contain:

- A. a description of the factors contributing to the need for changing demand;
- B. the utility's Design Day demand by customer class and the change in Design Day demand, if any, necessitating the demand revision;
- C. a summary of the levels of winter versus summer usage for all customer classes; and
- D. a description of Design Day gas supply from all sources under the new level, allocation, or form of demand.

To ensure the Company has access to sufficient capacity to cover the anticipated peak demand of its natural gas customers, Xcel annually updates its natural gas transportation, storage entitlements, and supply contracts.

The Petition seeks approval of a change in Contract Demand Entitlements that will allow the Company to implement, through the Purchased Gas Adjustment (PGA), changes in its interstate pipeline transportation, storage entitlements, and other demand-related contracts for the upcoming year. In this Change in Contract Demand filing, Xcel proposed small growth-related adjustments in design day demand. On the supply of capacity, the Company remarked that three of its pipeline capacity suppliers have pending rate cases at the Federal Energy Regulatory Commission (FERC), which will increase pipeline rates. Also, the return of reserve margin to 6.2 percent, within the normal range, from 3.9 percent put pressure on demand costs.

Compared to the previous year, Xcel projected a 6,500 Dekatherm (Dth) increase in Minnesota design day requirements, with a \$7,081,822 (8.2 percent) increase in Minnesota's 2025-2026 demand-related costs effective November 1, 2025 and \$16,006,557 (18.4 percent) effective January 1, 2026.² The cost is mainly due to FERC rate case filings by three interstate pipeline transportation providers. ANR Pipeline and Great Lakes Gas Transportation tariff rates become effective November 1, 2025, and Northern Natural Gas tariff rates become effective January 1, 2026.

Xcel requested approval to implement demand cost changes effective November 1, 2025.

Gas utilities shall file for a change in demand to increase or decrease demand, to redistribute demand percentages among classes, or to exchange one form of demand for another. The filing must contain the following four topics.³

² Xcel Petition at 1.

³ See footnote 1 above for more details on this filing.

1. Description of the Factors Contributing to the Need for Changing Demand

a. Change in Design Day

Xcel's objective is to forecast anticipated demand at design day conditions so that it can plan for sufficient supply resources to be available for customers if indeed design day temperatures occur.⁴ Since customer response varies in response to changes in temperature, the Company calculates demand using two methodologies—Peak Use per Customer Design Day (UPC DD), and Average Monthly Design Day (Avg. Monthly DD). Forecasted 2024-2025 heating season firm Minnesota Jurisdiction customer count increased by 3,295 customers to 4996,808. The UPC DD method forecasted that the increase in Minnesota State customer counts will generate a 1,951 Dth increase in design day requirements, from 784,381 to 786,332 Dth.

Xcel used the Avg. Monthly DD method to estimate design day demand by state and by service region. This method uses a linear regression based on 62 monthly observations, from January 2020 to February 2025. A series of statistical tests and procedures ensure the results are statistically significant. The robust Demand Day estimates distinguish differences in demand across the state and across Minnesota regions.

Actual peak use per firm customer is the total usage for firm customers that do not have individual actual peak day information.⁵ Actual peak use per firm customer remains unchanged from January 29, 2004 at 1.57393 Dth. Total Minnesota State design day for these customers is projected to be 757,793 Dth.

b. Change in Resources to Meet Design Day

The change in resources to meet design day, represents changes to demand entitlements necessary to meet the 2025-2026 heating season Minnesota State design day's projected 1,951 Dth/day increase.⁶ The cause for the change in demand entitlements is new, incremental contracts needed to serve design day's projected growth. Demand related costs for Minnesota increased by \$7,060,260 effective November 1, 2025, and by \$15,984,933 effective January 1, 2026.⁷ The increase is primarily due to three FERC rate cases on ANR Pipeline Company (ANR), Great Lakes Gas Transmission (GLGT), and Northern Natural Gas (NNG) pipelines, and newly acquired entitlements to continue to meet design day.

Table 1 shows rate impacts of Xcel's PGA Cost Recovery Proposal by class for an average customer, comparing the October 2025 PGA costs to the currently proposed and revised November 2025 PGA costs.

⁴ Xcel Petition, Attachment 1, pages 2-4.

⁵ *Id.* at page 4.

⁶ *Id.*

⁷ Xcel Supplemental Filing, REVISED "Attachments Effective November 1, 2025", Attachment 1, Schedule 2, page 1 of 2, PDF page 7; and REVISED "Attachments Effective January 1, 2026", Attachment 1, Schedule 2, Page 1 of 2, PDF page 17.

Table 1: Xcel Energy - MN State Rate Impact of Cost Recovery Proposal– Change from most recent PGA⁸

Customer Class	Commodity Charge (\$/Dth)	Commodity Charge (%)	Demand Charge (\$/Dth)	Demand Charge (%)	Demand Annual Change (\$/Dth)	Total Annual Change (\$/Dth)	Total Annual Change (%)
Residential	\$1.0666	44.76%	\$0.1004	8.51%	\$8.44	\$98.09	14.99%
Small Commercial	\$1.0666	44.76%	\$0.1025	8.59%	\$22.99	\$262.27	17.47%
Large Commercial	\$1.0666	44.76%	\$0.0979	8.47%	\$155.79	\$1,853.11	18.59%
Small Interruptible Tier I	\$1.0666	44.76%	\$0.0000	n/a	\$0.00	\$9,000.06	23.25%
Small Interruptible Tier II	\$1.0666	44.76%	\$0.0000	n/a	\$0.00	\$10,859.47	29.47%
Medium Interruptible Tier I	\$1.0666	44.76%	\$0.0000	n/a	\$0.00	\$57,554.33	27.18%
Medium Interruptible Tier II	\$1.0666	44.76%	\$0.0000	n/a	\$0.00	\$57,554.53	28.29%
Large Interruptible Tier I	\$1.0666	44.76%	\$0.0000	n/a	\$0.00	\$720,070.81	28.47%
Large Interruptible Tier II	\$1.0666	44.76%	\$0.0000	n/a	\$0.00	\$812,081.36	33.32%

Change in Northern Natural Gas (NNG) Entitlement

As part of NNG's Northern Lights 2025 (NL25) expansion project, Xcel contracted to acquire an additional 24,033 Dth/day of firm entitlement effective November 1, 2023.⁹ Of the total, 18,782 Dth/day of new capacity, priced at a significant long-term discount, will serve customer

⁸ Xcel, Supplemental (Compliance) Filing, Revised Attachment 2, Schedule 2, page 4 of 5.

⁹ Xcel Petition, Attachment 1, pages 5-6.

demand growth in the Saint Cloud area. The remaining 5,251 Dth/day of new capacity, priced at the maximum tariff rate, will serve customer demand growth in the Delano, MN and St. Michael, MN areas. The discounted capacity contract terminates October 31, 2027, and the maximum tariff rate capacity terminates November 1, 2035. The annual cost for this capacity is \$629,532.

Change in Viking Gas Transmission Entitlement

Xcel requires short-term winter peaking capacity on Viking or delivered supply to satisfy a small portion of total design day projections.¹⁰ Since Viking capacity continued to be sold out on a forward haul basis, Xcel turned to short-term delivered supply as a cost-effective alternative. Therefore, for the 2025-2026 heating season (November to March), Xcel acquired 4,000 Dth/day from a producer or marketer on Viking.¹¹ Delivered supply typically consists of two cost elements—a demand fee for the right to call on the capacity delivered to the city-gate, and the gas commodity. At the Viking maximum tariff, the total cost is estimated to be \$96,640.

Change in ANR Pipeline Entitlement (effective April 1, 2025)

Small increases were made to entitlement holdings on ANR Pipeline pursuant to ANR Pipeline's tariff.¹² These are annual adjustments to match the changes in ANR's in-kind fuel percentages made each spring by FERC. These volume changes maintain Xcel's delivery quantities in response to changes in fuel requirements and do not materially impact demand costs.

Storage and Financial Hedging Options

To insure against daily price fluctuations, Xcel continued to search the market for financial hedging products; however, such products are not sufficiently trading at cost-effective prices or sufficient quantities to significantly offset risk. The Company received approval in its hedging plan filed in Docket No. G-002/M-23-521 to use a new financial hedge tool, swap agreement contracts. Xcel will update the Commission on progress in its search for effective hedge products. The Company used swap agreements in the 2024-2025 season and believed they were effective to mitigate extreme price movements.

Xcel bid into an open season storage opportunity with WBI.¹³ On April 21, 2025 WBI announced a notice of binding open season for its new Baker Storage Enhancement Project. This project would create up to 72,000 Dth/day of additional withdrawal capacity from WBI's current storage field with 1.0 billion cubic feet (bcf) in associated storage capacity with service estimated to begin in 2029. Xcel currently holds firm transportation on the WBI pipeline which could connect to the storage project. Xcel viewed WBI's storage project as an opportunity to

¹⁰ Xcel Petition, Attachment 1, pages 5-6.

¹¹ Xcel Supplemental (Compliance) Filing at 1-2.

¹² Xcel Petition, Attachment 1 at 6.

¹³ *Id.* at pages 6-7.

increase winter gas supplies from storage at a known price, which would be especially useful for design day conditions, protecting against extreme price spikes. Xcel, therefore, bid into this open season offering on May 20, 2025. WBI was currently evaluating bids.

Financial hedging transactions were completed by October 2025. Xcel executed a total of six call options at a total premium cost of \$9,749,126.¹⁴ If natural gas prices were to rise during the heating season, the call options would be more likely to be exercised.

Storage Alternatives

Xcel's objective is to ensure the most cost-effective storage service for its customers.¹⁵ Towards this end, the Company considers reservation costs (capacity and deliverability), transportation to its service area, flexibility of services, and whether storage and transportation capacity is available for purchase. Compared to more distant storage alternatives such as ANR Storage (ANRS), Natural Gas Pipeline Company (NGPL), and ANR Pipeline (ANRP), NNG provides the best delivered gas storage service, and therefore remained the best option for storage contract renewal. NNG storage contracts are up for renewal in 2026; therefore, there are no alternatives to NNG storage to consider presently. Table 2 shows Xcel's Future Storage Contracts.

Table 2: Xcel's Future Storage Contracts¹⁶

Contract	Capacity	Deliverability	End Date	Renewal Date	% of Portfolio
22337	6,529,975	113,259	5/31/2027	5/31/2026	52%
22337	155,000	2,689,	5/31/2027	11/30/2026	1%
112399	4,500,000	78,050	5/31/2027	11/30/2026	36%
22337	1,400,000	24,282	5/31/2028	11/30/2027	11%
Total Portfolio	12,584,975	218,280			100%

c. Change in Interstate Pipeline Tariff Rates¹⁷

Change in ANR Pipeline Tariff Rates

On April 30, 2025, ANR Pipeline filed a Section 4 rate case with FERC proposing a 59 percent maximum tariff rate increase to the Northern (ML-7) Segment, which is the primary zone in which Xcel takes service. On May 12, 2025 Xcel filed a protest requesting that the proposed rates be suspended for the maximum five-months. The case is ongoing, and Xcel is an active participant to ensure just and reasonable rates.

Change in Great Lakes Gas Transportation Tariff Rates (RP25-855) (effective November 1, 2025)

¹⁴ Xcel, Supplemental (Compliance) Filing at 2.

¹⁵ Xcel Petition, Attachment 1, pages 7-9.

¹⁶ *Id.* at page 7.

¹⁷ *Id.* at pages 13-14.

On April 30, 2025, Great Lakes Gas Transmission (GLGT) filed a Section 4 rate case with FERC proposing a 22 percent maximum tariff rate increase. GLGT proposed an average rate increase of approximately 22 percent to the maximum tariff rates. GLGT also proposed a modernization surcharge which would update annually to track capital costs on the pipeline during a proposed 4-year period. On May 12, 2025 Xcel filed a protest requesting that the proposed rates be suspended for the maximum five-months. The case is ongoing, and Xcel is an active participant to ensure just and reasonable rates.

Change in Northern Tariff Rates (RP25-855) (effective January 1, 2026)

On July 1, 2025, Northern Natural Gas filed a Section 4 rate case with FERC proposing an 85 percent maximum tariff rate increase to the Market Area transportation rate, where Xcel receives service. On July 14, 2025 Xcel filed a protest requesting that the proposed rates be suspended for the maximum five-months. The case is ongoing, and Xcel is an active participant to ensure just and reasonable rates. While Xcel has significant discounts on a large portion of its Northern capacity which limit the impact of the proposed rate increase, the change results in a significant impact on the Company's demand costs and is most of the overall increase in demand costs.

d. Change in Jurisdictional Allocations

The Design Day Minnesota Jurisdiction Allocation Factor decreased slightly from 86.42 percent to 86.02 percent, meaning that Minnesota's share of the Minnesota and North Dakota state combined design day fell by 0.40 percent.¹⁸

e. Change in Supplier Reservation Fees

Supplier reservation fees increased by \$387,491.¹⁹ This change includes the projected costs of delivered supply to meet design day requirements in lieu of purchasing Viking seasonal capacity as discussed above.

2. Design Day Demand by Customer Class

Xcel presented Table 3 showing design day demand by customer class and the change in design day demand, if any, necessitating the demand revision.

¹⁸ Xcel Petition, Attachment 1, page 14.

¹⁹ Xcel Supplemental (Compliance) Filing, Revised Attachment 1, Schedule 2, page 1.

Table 3: Design Day Demand by Customer Class²⁰

State of Minnesota	Jan-2026 Budgeted Customers	2026 MMBtu Design Day*	2025 MMBtu Design Day	MMBtu Change
Residential	459,901	478,586	479,145	(559)
Commercial	36,752	279,206	277,088	2,118
Demand Billed	145	28,540	28,148	392
State of Minnesota Total	496,808	786,332	784,381	1,951
State of North Dakota Total	65,975	127,760	123,210	4,549
Total Xcel Energy Gas Utility Operations	562,783	914,091	907,591	6,500

* 91 Heating Degree Days for Design Day

3. Summary of the Levels of Winter versus Summer Usage

Xcel provided the summary of winter and summer sales by class in Table 4.²¹

Table 4: Minnesota Historical Sales – Seasonal Usage (Dth)

Customer Class	Summer	Winter	Total Year
Residential	9,381,253	27,303,575	36,684,828
Interdepartmental	2,300	5,479	7,779
Small Commercial Firm	1,341,744	4,284,141	5,625,886
Large Commercial Firm	<u>5,122,176</u>	<u>12,02,829</u>	<u>17,155,005</u>
Commercial Firm	6,466,220	16,322,449	22,788,670
Small Commercial Demand Billed	48,550	69,524	118,074
Large Commercial Demand Billed	1,170,811	1,493,073	2,663,885
Large Demand Billed – Generation	<u>30,531</u>	<u>63,890</u>	<u>94,421</u>
Commercial Demand Billed	1,249,892	1,626,488	2,876,380
Total Commercial Firm	7,716,113	17,948,937	25,665,049
Total Firm	17,097,366	45,252,512	62,349,878
Small Interruptible	478,941	800,356	1,279,298
Medium Interruptible	1,787,371	2,293,956	4,081,327
Large Interruptible	1,009,241	1,226,870	2,236,111
Med & Lg Interruptible – Generation	<u>14,875</u>	<u>9,385</u>	<u>24,260</u>
Total Interruptible	3,290,428	4,330,567	7,620,995
Total Firm and Interruptible	20,387,794	49,583,079	69,970,873

²⁰ Xcel, Petition, Attachment 1, Schedule 3, page 1.

²¹ Xcel, Petition, Attachment 1, Schedule 4, page 1 of 1.

Firm Transportation	1,256,807	1,030,064	2,286,871
Interruptible Transportation	763,118	758,149	1,521,267
Negotiated Transportation	3,785,301	3,610,604	7,395,905
Interdepartmental Transport – Generation	25,402,715	13,401,342	38,804,057
Total Transportation	<u>31,207,941</u>	<u>18,800,160</u>	<u>50,008,100</u>
Total Customer Sales	51,595,734	68,383,239	119,978,973
Heating Degree Days	1,014	5,703	6,717

4. Description of Design Day Supply from All Sources Under New Demand

Geographic Diversity

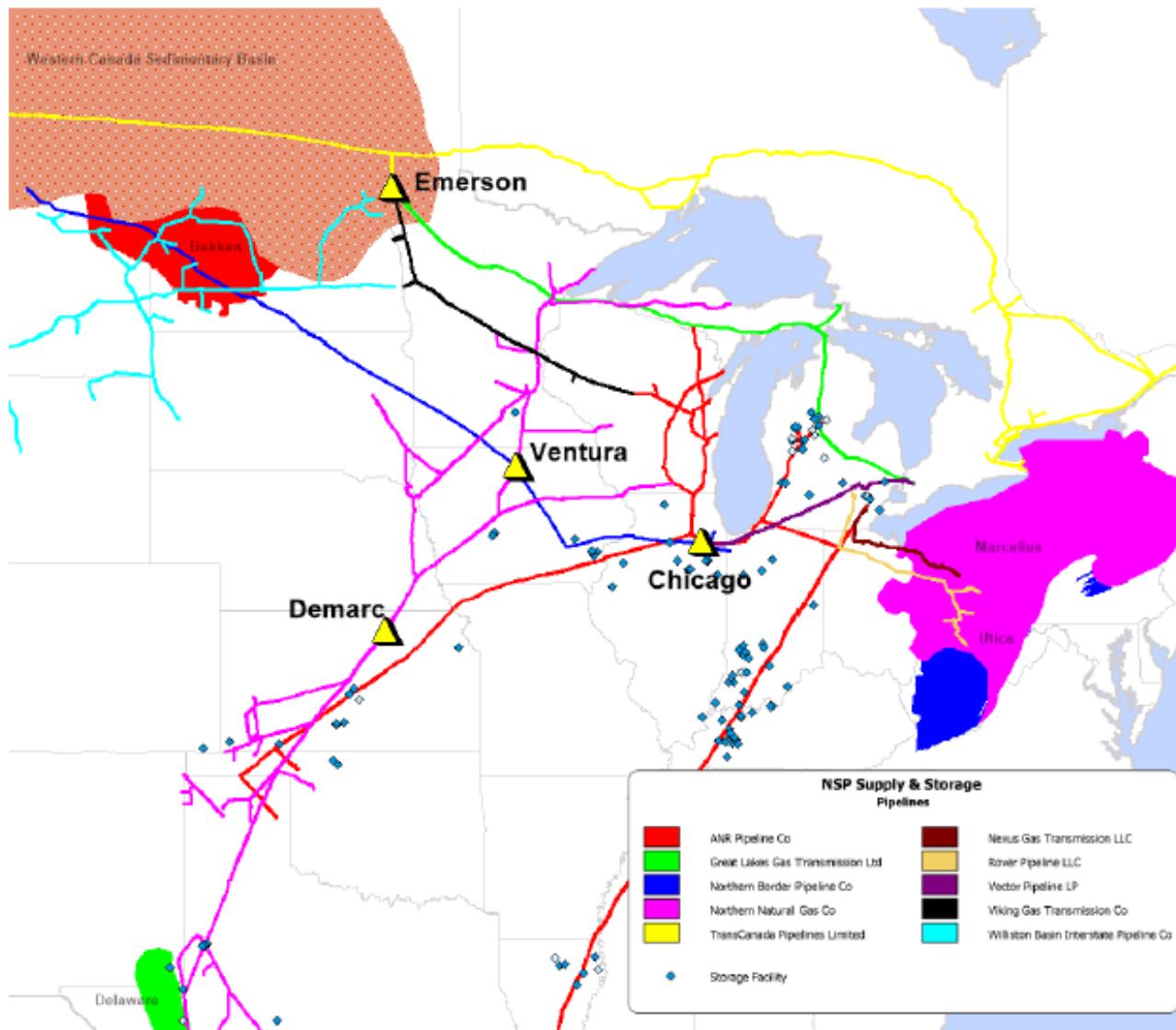
In its February 17, 2023 Order, the Commission required utilities to discuss in future contract demand entitlement filings how “changes to their pipeline capacity affect their supply diversity and, if pipeline capacity comes at a cost premium but increases supply diversity, provide a meaningful cost/benefit discussion of the tradeoff, including a comparison with the least-cost capacity option.”²²

Xcel transports most of its natural gas supply on the Northern Natural Gas (NNG), Viking Transmission (Viking), and WBI Transmission Inc. (WBI) pipelines, which are the only interstate pipelines directly connected to its distribution systems. The Company also relies on Northern Border Pipeline, Great Lakes Gas Transmission (GLGT), and ANR Pipeline Company (ANR-P), which are not directly connected to its distribution systems. The Company holds storage services on NNG, ANR-P, and ANR Storage Company (ANR-S). This set of pipeline and storage services provides geographic diversity and strengthens reliability of Xcel’s natural gas supply.

Figure 1 shows Xcel’s main supply sources and related pipelines.

²² Xcel Petition, Attachment 1, pages 9-12.

Figure 1
NSP Supply and Storage



Xcel's regional allocation of capacity by receipt point is geographically dispersed across several supply sources. The Company's demand entitlements portfolio is divided into 33 percent from storage (excluding peak shaving facilities) and 67 percent from various receipt points. The three largest receipt points are NNG Ventura (18.9 percent), Emerson (16.4 percent), and Chicago (12.7 percent). Newly acquired incremental capacity has replaced the need for city gate delivered supply in this year compared to prior years. Table 5 shows Xcel's geographic diversity of supply.

Table 5: Geographic Diversity of Daily Supply Sources²³

Receipt Point	2025-2026		2024-2025		Change	
	Dth/day	% Total	Dth/day	% Total	Dth/day	% Total
ANR SW Headstation	4,829	0.67%	4,829	0.69%	0	-0.03%
NNG Beatrice (REX Interconnect)	9,239	1.28%	9,239	1.33%	0	-0.05%
CG Delivered (Emerson/Nymex)	24,000	3.31%	20,000	2.87%	4,000	0.44%
Chicago CG	88,500	12.22%	88,500	12.72%	0	-0.49%
VGT Chisago	12,876	1.78%	0	0.00%	12,876	1.78%
NNG Demarc	20,985	2.90%	20,985	3.02%	0	-0.12%
Emerson	118,453	16.36%	118,453	17.02%	0	-0.66%
GLGT/NNG Carlton	54,931	7.59%	54,931	7.89%	0	-0.31%
NNG Marshall	1,998	0.28%	1,998	0.29%	0	-0.01%
NNG Ventura	137,033	18.93%	125,876	18.09%	11,157	0.84%
WBI Baker	8,461	1.17%	8,461	1.22%	0	-0.05%
ANRP Storage	15,243	2.11%	15,171	2.18%	72	-0.07%
ANRS Storage	9,248	1.28%	9,248	1.33%	0	-0.05%
NNG Storage Service	218,280	30.15%	218,280	31.36%	0	-1.22%
Total	724,076		695,971			

Xcel concluded that its supply source diversity is well-balanced: “The capacity portfolio provides access to five major price hubs (NNG Ventura, NNG Demarc, Emerson, Chicago, and ANR SW).²⁴ No single supply source (after accounting for storage) accounts for more than approximately 20 percent of supply. This provides substantial geographic diversity and increases supply reliability.”

Xcel paid no premiums for supply diversity this year since its supply portfolio was already significantly diverse.

5. Reserve Margin

Xcel proposed to increase its capacity reserve margin by 18,362 Dth/day, from 3.9 percent in November 2025 to 6.2 percent, or a level of 48,711 Dth/day.²⁵ The increase is due to the acquisition of additional entitlement on Northern to meet growth in design day. The Company believes this reserve margin is appropriate considering uncertainties such as: (a) actual design day experience; (b) actual customer demand during design day conditions; and (c) the need to protect against the potential loss of a source of firm natural gas supply. If, however, Xcel experiences continued customer and demand growth, it may have to add supply sources in the future.

²³ Xcel Petition, Attachment 1, page 12.

²⁴ *Id.*

²⁵ Xcel Petition, Attachment 1, pages 14-15.

Xcel stated its aim to target its reserve margin to the capacity of the largest pump at Wescott used to vaporize LNG or to the capacity of either of the Saint Paul area propane-air peak shaving plants, Maplewood or Sibley. Also, the increments of capacity additions often do not match expected demand, thus resulting in stair-step capacity increases.

6. Peaking Plant Updates

Xcel filed monthly updates on maintenance upgrades to the Maplewood propane-air peak shaving plant.²⁶ As part of the work that began in the Spring of 2024, Maplewood's 37 propane tanks were emptied. Project delays impeded a return to operation for the winter heating season; however, based on Maplewood's limited availability the Company created a plan to meet design day requirements that allowed it to meet all firm customer's requirements through the 2025-2026 heating season. Dispatch of the plant was not expected for the remainder of 2025. As of January 6, 2026, final commissioning of the plant equipment has been completed, and the plant successfully test ran on December 17, 2025.²⁷ The Maplewood Plant is now available for service.

B. Department Comments

1. Description of the Factors Contributing to the Need for Changing Demand

a. Change in Design Day

Average Monthly Design Day

After analyzing the Company's two design day forecast methodologies,²⁸ and reviewing Xcel's statistical explanations and use of various statistical tests, the Department found them to be acceptable.

The Department also noted that, instead of assuming a design day low temperature and a higher level of gas consumption, the Avg. Monthly DD method, while acceptable, might not be the best method for forecasting natural gas demand. In particular, the model assumes natural gas consumption is constant at all temperatures based on an average demand and a given temperature.

Nevertheless, after a conversation with the Company, the Department concluded that the alternative of a series of forecasts of daily temperatures would be too difficult because, to separate firm load, daily interruptible forecasts would be required. Also, Xcel's use of the two

²⁶ Xcel Energy, Maplewood and Sibley Facilities Update letters, December 1, 2025 and January 6, 2026, and Compliance Filing, October 31, 2025. Xcel filed earlier update letters in docket 24-271, the Company's Change in Contract Demand Entitlements Petition for the prior year.

²⁷ Xcel's January 6, 2026 filing letter is the final update on the Maplewood Plant.

²⁸ Department, Comments at 2-6.

methodologies (Avg. Monthly DD method and the UPC DD method) counteracts the tendency of the Avg. Monthly DD method to overestimate demand requirements.

The Department concluded that Xcel's forecast methodology is acceptable, and agreed with Xcel that the Company should continue to use the two methodologies, updating the UPC DD method when appropriate.

Regarding Xcel's forecasts, the Department observed that North Dakota's forecasted gas consumption increase was greater than Minnesota's. The resulting shift of the proportion of design day responsibility towards North Dakota is in line with an ongoing trend over the past several years.

The Department recreated and confirmed results from Xcel's two forecast methods and concluded that Xcel's design day gas consumption forecasting was performed appropriately.

b. Change in Resources to Meet Design Day

Minnesota State Rate Impact –Change from most recent PGA

The Department calculated the annual changes in only demand costs for an average customer, as shown in Table 6.

Table 6: Proposed Change in Annual Demand Costs²⁹

Class	Annual Consumption (Dth)	Change in Demand Cost (\$/Dth)	Change in Annual Demand Cost (\$/Dth)
Residential	88	\$0.1004	\$8.84
Small Commercial	238	\$0.1025	\$24.40
Large Commercial	1,613	\$0.9790	\$157.91

The Department concluded that the Company's proposal appears to be reasonable and recommended Commission Approval.

Changes to Entitlements

The Department provided a summary by pipeline of Xcel's proposed changes in Entitlements in Table 7.³⁰ The complete detail by contract is found in Xcel's Supplemental Filing.³¹

²⁹ Department Comments at 12.

³⁰ *Id.* at 7-11.

³¹ Xcel Supplemental Filing, REVISED "Attachments Effective November 1, 2025", Attachment 1, Schedule 2, page 1 of 2, PDF page 7; and REVISED "Attachments Effective January 1, 2026", Attachment 1, Schedule 2, Page 1 of 2, PDF page 17.

Table 7: Proposed Changes in Entitlements by Pipeline 2025-2026³²

Pipeline	Proposed Dth/day Change	Proposed Annual Cost Change Effective 11/1/2025
NNG	24,033	\$2,220,094.57
VGT	0	0
ANR	19	\$5,504,905.85
GLT	0	\$94,887.00
WBI	0	0
Supplier Entitlements	4,000	\$387,491

The total change for Minnesota customers is \$7,060,260, effective November 1, 2025, and \$15,984,934, effective January 1, 2026.³³ These increases are mainly due to the rate cases from NNG, ANR, and GLT, and to a smaller extent the capacity renewals and acquisitions.³⁴

More specifically, the entitlement cost changes are due not only to capacity renewals and acquisitions, but also Xcel's reliability needs. The Company was forced to lower its reserve margin last year because additional capacity was unavailable. As discussed above, this year Xcel is restoring its reserve margin from 3.9 percent to a more historically normal level of 6.2 percent.

The Department analyzed the above changes in design-day entitlement resources to serve peak customer demand and concluded each change appears to be reasonable. The Department recommended the Commission approve the Company's proposed entitlements.

Storage Alternatives

The Department reviewed the Company's discussion and analysis regarding the storage alternatives and concluded that the Company's proposal to renew its NNG storage contracts appears to be reasonable and the most cost-effective option.³⁵

c. Change in Interstate Pipeline Tariff Rates³⁶

The Department reviewed the ANR Pipeline, GLGT, and NNG rate cases at FERC.³⁷ It

³² Department Comments at 7-8.

³³ *Id.* at 7.

³⁴ *Id.*

³⁵ Department Comments at 12-13.

³⁶ Xcel Petition, Attachment 1, pages 13-14.

³⁷ Department Comments at 14-15.

appreciated the Company's provision of the information related to the above interstate pipelines rate cases at FERC, and the Company's participation to reduce the cost increases for its Minnesota customers.

d. Change in Jurisdictional Allocations

The Department noted that the 2025-2026 Minnesota-North Dakota jurisdictional allocation factor remained within 0.50 percent of the prior year's projection.³⁸ The Department, while noting such a small change in the allocator is in line with the possible customer movement, concluded that Xcel's proposed jurisdictional allocation change is reasonable.

e. Change in Supplier Reservation Fees

The Department stated that the annual \$387,491 increase in reservation fees is based on the proposed increase of 4,000 Dth/day year-over-year, which is due to higher rates.³⁹ Based on its review of Xcel's (trade secret) contract filings, the Department found them to be reasonable.

2. Description of Design Day Supply from All Sources Under New Demand

Geographic Diversity

The Department appreciated Xcel's discussion and concluded that the Petition complies with Ordering paragraph 9 of the Commission's Order in Docket 21-135 et al.⁴⁰

3. Reserve Margin

The Department commented that Xcel's proposed 6.2 percent reserve margin is within the Commission's generally accepted 5 to 7 percent range.⁴¹ The Department recognized that incremental acquisitions of gas come in larger and more readily available, stair-step quantities; smaller quantities are commonly unavailable for purchase. Given this year's reserve margin increase, it is likely to decline somewhat in the future for this reason.

The Department reviewed Xcel's performance during the 2019 polar vortex and concluded that the Company's design day generally is higher than the Company's peak demand has been historically.⁴² Based on that review the Department noted that the Company's proposed reserve margin would be sufficient to account for recent trends in gas demand, and that the extra reserve margin can protect against extreme events. The Department will continue to monitor the reserve margin in future demand entitlement filings. Therefore, the Department recommended that the Commission approve Xcel's proposed 6.2 percent reserve margin.

³⁸ *Id.* at 6-7.

³⁹ *Id.* at 12.

⁴⁰ *Id.* at 13-14.

⁴¹ *Id.* at 11.

⁴² *Id.* at 11.

4. Peaking Plant Updates

The Department raised concerns about the lack of Company filings on the status of repairs at the Sibley Propane-air plant.⁴³ Xcel first mentioned the Sibley Facility repairs and outage in this docket in its October 31, 2025 Supplementary Compliance Filing. The Department confirmed that previous filings did not include the Sibley outage with that of the Maplewood Facility. It was unclear from the filing history whether 37 or 74 propane tanks were under maintenance.

In response to a Department information request, Xcel stated that the Sibley repairs began in the summer of 2024 and that the facility was available for the 2024-2025 winter heating season. The Company mentioned the outage in its 2023 and 2025 gas rate cases. Since the Sibley Facility was expected to return to service for the 2025-2026 heating season, it was not discussed in this docket until the Supplementary Compliance Filing. The Department expressed concerns about Sibley's projected return-to-service date because of the example of the Maplewood Facility's delay in returning to service.

The Department recommended that the Commission require Xcel to discuss in demand entitlement filings future maintenance outages of its peaking facilities such as Sibley. The Department also recommended the Commission require Xcel to provide monthly updates on the Sibley facility until it returns to service at full capacity.

Finally, the Department noted that the Company's design day coverage plans are feasible but would come at a significant cost. Therefore, the Department had no concerns about Xcel's ability to satisfy gas demand for November and December of 2025, but nonetheless will monitor the situation.

5. Department Conclusion and Recommendations

Based on the Department's analysis of the Company's Petition and Supplemental Filing, the Department recommended that the Commission approve Xcel's Petition including its proposed design day forecast, jurisdictional allocations, entitlements and rate recovery through the PGA effective November 1, 2025.⁴⁴ The Department made the following recommendations.

The Department concluded that Xcel's forecasting of design-day levels was performed appropriately and recommended Commission approval.

The Department concluded that Xcel's proposed jurisdictional allocation change is reasonable and recommended Commission approval.

The Department recommended the Commission approve the Company's proposed entitlements.

⁴³ Department Comments at 15-17.

⁴⁴ *Id.* at 17.

The Department recommended that the Commission approve Xcel's proposed 6.2 percent reserve margin.

The Department recommended that the Commission approve the Company's proposed PGA cost recovery proposal.

The Department recommended that the Commission require that for future maintenance outages for the Company's peaking facilities be discussed in the Company's demand entitlement filings.

Similar to the updates the Company has been regularly filing with regards to the Maplewood facility, the Department recommended the Commission require Xcel to provide monthly updates on the state of the Sibley facility until such time as it returns to service at its full capacity.

C. Xcel Reply Comments and Maplewood/Sibley Facility Letters

As discussed above in the Department's information request, Xcel replied to the Sibley Facility issues and communicated its status.⁴⁵

Xcel filed three monthly updates on maintenance upgrades to the Sibley propane-air peak shaving plant in 2025.⁴⁶ The Company acknowledged that it would have been appropriate to discuss the outage at the Sibley facility in monthly updates, as was done with Maplewood.⁴⁷ It also would have been appropriate to provide Sibley plant update information in the Company's Contract Demand Entitlement Petition.

As part of the work that began in April 2025, Sibley's 37 propane tanks were emptied. Project delays impeded a return to operation for the 2025-2026 winter heating season; however, based on Sibley's limited availability the Company created a plan to meet design day requirements that allowed it to meet all firm customer's requirements through the 2025-2026 heating season. Dispatch of the plant was not expected for the remainder of 2025.

As of January 5, 2026, construction activities on all piping, valves, and propane tanks at Sibley have been completed.⁴⁸ Plant commissioning has been delayed due to extensive flange coating degradation that required recoating and a few warranty items with fire and gas life safety systems before the plant can be turned over to operations. Once compliance inspection of rework is completed, all plant piping on tank banks 1 and 2 will be pressure tested and purged of oxygen to remove moisture prior to bringing in 500,000 gallons of propane for peak shaving support. The plant is scheduled to be available for use by January 16, 2026 at full

⁴⁵ Xcel Energy Reply Comments.

⁴⁶ Xcel Energy, Maplewood and Sibley Facilities Update letters December 1, 2025 and January 6, 2026, and Compliance Filing, October 31, 2025. Xcel filed earlier update letters in docket 24-271, the Company's Change in Contract Demand Entitlements Petition for the prior year.

⁴⁷ Xcel Energy, Reply Comments at 2-3.

⁴⁸ Xcel Energy, Maplewood and Sibley Facilities Update letters, December 1, 2025 and January 6, 2026.

design basis. Tank banks 3, 4, 5 and 6 will be pressure tested and placed in service by the end of January providing the remaining 700,000 gallons of propane inventory for peak shaving support.

Finally, Xcel proposed a modification to the Department's peak facilities reporting recommendation. The Company performs many peaker facility maintenance projects of short duration during summer season. These projects are generally completed on-time before the arrival of autumn. This proposal would narrow the reporting requirement to only those maintenance outages at the Company's peaking facilities still in process as of August 1 whose delay would impact winter operations.

D. Staff Analysis

Xcel's Contract Demand Entitlement filing shows the one-time increase in capacity costs to restore the reserve margin to the generally acceptable zone of 5 to 7 percent. Last year the reserve margin fell as the Company could not find sufficient capacity. Thus, this year Xcel paid more for capacity to return the reserve margin to normal levels. Further, the Company continued to face capacity supply constraints as terms remained unfavorable. Xcel's renewal of long-term contracts can help to maintain both affordability and reliability.

Regarding its geographical diversity of gas supply, Xcel is in a stronger position to endure supply disruptions. Moreover, the proximity of Xcel's main supplies protects both affordability and reliability. Although more supply is available at a distance, in Michigan for example, the all-in delivered cost is not attractive. Thus, not only is geographic diversity beneficial in reducing the risk of supply disruptions, but proximity can also enhance affordability and reliability.

Staff finds that Xcel Energy has provided appropriate information to support its proposed demand entitlement levels and cost changes and agrees with the Department's recommendations for approval.

III. Decision Options

1. Approve Xcel's forecasting of design-day levels. (Xcel, Department)
2. Approve Xcel's proposed jurisdictional allocation change. (Xcel, Department)
3. Approve Xcel's proposed entitlements. (Xcel, Department)
4. Approve Xcel's proposed 6.2 percent reserve margin. (Xcel, Department)
5. Approve Xcel's proposed PGA cost recovery proposal. (Xcel, Department)
- 6a. Require Xcel to discuss in its Company's Contract Demand Entitlement filings future maintenance outages for its peaking facilities. (Department)

Or

- 6b. Require Xcel to discuss in its Company's Contract Demand Entitlement filings future maintenance outages for its peaking facilities that are in process August 1 whose delay would impact winter operations. (Xcel)
7. Require Xcel to provide monthly updates on the state of the Sibley facility until such time as it returns to service at its full capacity. (Xcel, Department)