

January 13, 2025

Will Seuffert
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: Comments of the Minnesota Department of Commerce
Docket No. G002/M-22-257

Dear Mr. Seuffert:

Attached are the comments of the Minnesota Department of Commerce (Department) in the following matter:

A Petition by Xcel Energy for Approve of its Gas Affordability Program
Tracker Balance Proposal

The Petition was filed by Northern State Power Company, d/b/a Xcel Energy (Xcel or the Company) on November 21, 2024.

The Department recommends the Commission **approve** the proposed changes and is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ Dr. SYDNIE LIEB
Assistant Commissioner of Regulatory Analysis

MNZ/ad
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce

Docket No. G002/M-22-257

I. INTRODUCTION

On November 21, 2024, Xcel Energy submitted a Gas Affordability Program (GAP) Tracker Balance Proposal¹ to the Minnesota Public Utilities Commission (Commission) proposing to increase the budget for GAP from \$2.5 million to \$5.6 million and increase the GAP surcharge from \$0.00445 per therm to \$0.00875 per therm. This proposal was made to account for increased enrollment in GAP, which has resulted in a depleting program budget.

Minn. Stat. § 216B.16, subd. 15 requires public gas utilities to have a gas affordability program. Xcel’s program aims to reduce the number of customers paying more than 3% of their income toward gas service.

II. PROCEDURAL BACKGROUND

September 10, 2007	The Commission approved Xcel’s proposed Gas Affordability Program setting the initial budget at \$2.5 million. ²
January 18, 2023	The Commission issued an Order in the instant docket that included Order Point 13, a provision that requires the Company, if the GAP budget is on track to deplete within six months, to make a filing including the tracker balance, income, monthly spending for the previous six months, the projected spending for the next six months, an evaluation of possible modifications to avoid closure of the program, and a proposal to avoid the projected negative tracker balance. ³
November 18, 2024	Xcel filed the Petition, requesting to update the budget and surcharge to address a pending negative tracker balance. The Company proposed this update earlier than the required six months so that the tracker balance can be stabilized during higher usage periods, which reduces the overall size of the required increase to the surcharge. ⁴
December 4, 2024	The Commission issued a Notice of Amended Comment Period. ⁵

¹ *In the Matter of the Petition of Xcel Energy’s 2021 Gas Affordability Program Evaluation Report*, Xcel Energy, 2024, Gas Affordability Program Tracker Balance, November 21, 2024, Docket No. G-002/M-22-257, (eDockets) [202411-212274-01](#), (hereinafter “Petition”).

² *In the Matter of the Application of Northern States Power Company, a Minnesota Corporation and Wholly Owned Subsidiary of Xcel Energy Inc., for Authority to Increase Rates for Natural Gas Service in Minnesota*, Xcel Energy, 2024, Findings of Fact Conclusions of Law, September 10, 2007, Docket No. G-002/M-06-1429, (eDockets) [4768622](#).

³ *In the Matter of the Petition of Xcel Energy’s 2021 Gas Affordability Program Evaluation Report*, Commission, 2023, Order, January 18, 2023, Docket No. G-002/M-22-257, (eDockets) [20231-192233-02](#), (hereinafter “January 18th Order”)

⁴ Petition, at 1-2.

⁵ *In the Matter of the Petition of Xcel Energy’s 2021 Gas Affordability Program Evaluation Report*, Commission, 2024, Notice of Amended Comment Period, December 4, 2024, Docket No. G-002/M-22-257, (eDockets) [202412-212664-01](#).

Topic(s) open for comment:

- Will the proposed budget increase from \$2.5 million to \$5.6 million levelize the GAP tracker balance?
- Will the proposed surcharge increase from \$0.00445 per therm to \$0.00875 per therm support the proposed budget increase?
- Will GAP participation continue to steadily increase with the advent of automatic enrollment? If so, how long will the proposed \$5.6 million fully fund the program?
- Is the estimated surcharge increase from \$4.01 to \$7.88 annually a reasonable cost for customers?
- Is implementation of a new surcharge in February 2025 an appropriate timeline?
- Are there other issues or concerns related to this matter?

The Department acknowledges that these comments missed the comment period deadline and hopes that the Commission will consider them regardless.

III. DEPARTMENT ANALYSIS

The Company's files its Petition in response to Order Point 13 of the Commission's January 18th Order, which states that:

Required Xcel Energy to monitor monthly spending from and income to the GAP program. If and when the program is on track to deplete its tracker balance within 6 months, the Company shall make a filing with the Commission that includes, at a minimum:

- a. Tracker balance, income, and spending on a monthly basis for the previous 6 months and projected 6 months in the future.
- b. An evaluation of possible modifications to avoid closure of the program, including modifying the affordability benefit and arrearage forgiveness benefit amounts for participants, changing the program funding level/surcharge, and other options the Company has considered.
- c. A proposal to avoid the projected negative tracker balance.⁶

The Company filed the Petition earlier than the 6-month window to limit the size of the proposed increase in the GAP surcharge.⁷ The Department reviewed the Company's filing and finds that it contained the required information from Order Point 13. Xcel indicates that this change is necessary due to the implementation of auto-enrollment into GAP, which resulted in participation approximately doubling over the course of 2023 and 2024 compared to previous years. The majority of this growth occurred in 2023, with growth slowing in 2024.⁸ It is possible that growth in GAP enrollment continues, but there is currently not enough information to project what 2025 and future years might expect. In the Petition the Company attempts to build some leeway into its proposal to account for increased future participation.

⁶ January 18th Order

⁷ Petition at 1-2.

⁸ Petition at 4-5.

The Company explored several options to solve the budget issue, including raising the eligibility requirement from 3% of income being spent on gas utility payments to 4%. The Company ultimately decided that an increase in the surcharge would be necessary regardless, and that increasing the requirement would remove 2,230 households from the program while only providing approximately \$1.38 per year in savings for other customers. Therefore, the Company proposes to only increase the surcharge rather than remove people from GAP.⁹

The Department provides its analysis of the Company's proposed budget and surcharge increase below.

A. COMPANY PROPOSAL

A.1. Budget

The Company calculated its proposed budget using actual data for much of 2024, and forecasts for November 2024 through December 2025. Xcel forecasts disbursements of \$5.49 million for 2025, with the current tracker balance projecting to reach zero in August 2025.¹⁰ The Department reviewed the Company's projections and notes it includes continued growth in program participation. Given the trends since the beginning of auto enrollment, the Department concludes that this prediction is reasonable. Table 1 below shows the Company's projected tracker balance.

Table 1: Xcel Projected GAP Tracker Balance¹¹

Starting Tracker balance	\$2,585,517¹²
Collections	\$2,744,009
Disbursements	-\$3,941,262
Admin Costs	-\$106,995
2024 End Balance	\$1,281,269
Collections	\$2,950,243
Disbursements	-\$5,486,844
Admin Costs	-\$108,000
2025 End Balance	-\$1,363,332

Source: Petition Attachment 1

The Department reviewed and confirmed the Company's calculations that, with current projections, the GAP balance will be exhausted before the end of 2025. Xcel's proposed budget of \$5.6 million is slightly higher than its forecasted disbursements for 2025. As with the projected GAP participation increases for 2025, the Department concludes this slight increase to the budget compared to the 2025 disbursements is reasonable; furthermore, it will help prevent the need for additional surcharge and budget increases in the near future if GAP participation continues to increase. Additionally, the Department notes that the Company submits annual GAP reports to the Commission that include the

⁹ Petition at 7.

¹⁰ Petition at Attachment 1

¹¹ *Ibid.*

¹² In Attachment 1 of the Company's filing all signs on items in table 1 are reversed. This reversal is because the Company accounting counts negative balances as liabilities to the Company, which are the same as a positive program balance. The Department switched the signs to be reflect that program balance in more general, understandable terms.

current tracker balance. If the increase in budget and surcharge results in a tracker balance beyond what the Commission considers to be reasonable the Commission will have ample opportunity to make changes in the future. Therefore, the Department recommends that the Commission approve the Company's proposed GAP budget.

A.2. Surcharge

Xcel proposes to increase the surcharge from \$0.00445 per therm to \$0.00875 per therm effective February 1, 2025.¹³ This rate applies to all residential customers. The Company did not include its forecasted therms per month, but the Department confirmed that the forecasted increase directly correlates to the size of the per therm increase.¹⁴ As the Company proposes to implement the new rate on February 1, the yearly collections still appear to be lower than disbursements in Attachment 2. However, scaling the January collections by the new rate would result in collections being greater than disbursements.¹⁵ Therefore, the Department concludes the proposed surcharge would be sufficient to recover the proposed GAP budget. Table 2 below shows the Company's projected tracker balance for 2025 using the proposed increased surcharge.

Table 2: Xcel's Projected 2025 GAP Balance with Proposed Surcharge¹⁶

2025 Beginning Balance	\$1,281,269
Collections	\$5,277,461
Disbursements	-\$5,486,844
Admin Costs	-\$108,000
2025 End Balance	\$963,886

Source: Petition Attachment 2

Based on this review, the Department concludes that the Company's proposed GAP surcharge increase is reasonable and accomplishes the goals of both preventing the GAP tracker balance from reaching zero and recovering the GAP budget. Therefore, the Department recommends that the Commission approve the Company's proposed Gap surcharge increase.

A.3. Bill Impact

The Company estimates that the average surcharge total for a typical residential customer will increase from \$4.01 to \$7.88 annually as a result of Xcel's proposal, an increase of \$3.87 annually. While this represents a 96.5% increase in the annual surcharge, this increase is very small compared to the average annual residential customer bill which generally is over \$800.¹⁷ Overall, this would result in

¹³ Petition at 5-6.

¹⁴ Petition at Attachment 2.

¹⁵ If the new proposed surcharge were in place for January 2025, it would have increased collections for 2025 by approximately \$523,579, bringing total collections to approximately \$5,801,040.

¹⁶ Petition at Attachment 2.

¹⁷ In the Company's last rate case the Xcel proposed increases that would have raised the average yearly residential bill from \$803.76 to \$886.92. *In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Natural Gas Service in Minnesota*, Xcel Energy, 2023, Vol. 2c, 6 of 6 Terwilliger Rate Design, November 11, 2023, Docket No. G-002/M-23-413, (eDockets) [202311-200099-07](#).

less than a 0.5% increase in customer rates. The Department concludes that the bill impact of the proposed surcharge increase is reasonable.

A.4. Implementation Timeline

The Company proposes to implement the increased surcharge rate on February 1, 2025, in order to begin increased recovery during the winter season, when gas usage is higher. Doing so would prevent a larger surcharge increase from being necessary. If the Company waited until six months prior to the tracker balance being depleted, when Order Point 13 of the Commission's January 18th Order would require Xcel to file an update, a much larger increase in the surcharge rate would be required in order to prevent the tracker from being depleted, as recovery would be occurring during summer months, when gas usage is much lower. Under this scenario the higher surcharge would likely drastically over-recover the GAP budget during the following winter months and might require additional Commission action at a later date to lower the surcharge again. Therefore, the Department concludes that the timing of the surcharge implementation is reasonable as it serves to lower the surcharge increase per therm and also would likely reduce the need for additional Commission action in the near future.

IV. DEPARTMENT RECOMMENDATIONS

Based on analysis of the Xcel's Petition, the Department has prepared recommendations, which are provided below. The recommendations correspond to the subheadings of Section III above.

A. COMPANY PROPOSAL

- A.1. The Department recommends that the Commission approve the Company's proposed GAP budget.
- A.2. The Department recommends that the Commission approve the Company's proposed GAP surcharge increase.
- A.4 The Department recommends that the Commission approve the Company's proposed GAP Implementation timeline

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

Minnesota Department of Commerce
Comments

Docket No. G002/M-22-257

Dated this **13th** day of **January 2025**

/s/Sharon Ferguson

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
1	Matthew	Brodin	mbrodin@allete.com	Minnesota Power		30 West Superior Street Duluth MN, 55802 United States	Electronic Service		No	22-257M-22-257
2	John	Coffman	john@johncoffman.net	AARP		871 Tuxedo Blvd. St. Louis MO, 63119-2044 United States	Electronic Service		No	22-257M-22-257
3	Generic	Commerce Attorneys	commerce.attorneys@ag.state.mn.us		Office of the Attorney General - Department of Commerce	445 Minnesota Street Suite 1400 St. Paul MN, 55101 United States	Electronic Service		Yes	22-257M-22-257
4	Brandon	Crawford	brandonc@cupminnesota.org	Citizens Utility Board of Minnesota		332 Minnesota St Ste W1360 St. Paul MN, 55101 United States	Electronic Service		No	22-257M-22-257
5	George	Crocker	gwillc@nawo.org	North American Water Office		5093 Keats Avenue Lake Elmo MN, 55042 United States	Electronic Service		No	22-257M-22-257
6	Bridget	Dockter	bridget.dockter@xcelenergy.com			null null, null United States	Electronic Service		No	22-257M-22-257
7	Sharon	Ferguson	sharon.ferguson@state.mn.us		Department of Commerce	85 7th Place E Ste 280 Saint Paul MN, 55101-2198 United States	Electronic Service		No	22-257M-22-257
8	Todd J.	Guerrero	todd.guerrero@kutakrock.com	Kutak Rock LLP		Suite 1750 220 South Sixth Street Minneapolis MN, 55402-1425 United States	Electronic Service		No	22-257M-22-257
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10	Michael	Hoppe	lu23@ibew23.org	Local Union 23, I.B.E.W.		445 Etna Street Ste. 61 St. Paul MN, 55106 United States	Electronic Service		No	22-257M-22-257
11	Martha	Hoschmiller	martha.e.hoschmiller@xcelenergy.com	Xcel Energy		414 Nicollet Mall 401-7 Minneapolis MN, 55401 United States	Electronic Service		No	22-257M-22-257
12	Richard	Johnson	rick.johnson@lawmoss.com	Moss & Barnett		150 S. 5th Street Suite 1200 Minneapolis MN, 55402 United States	Electronic Service		No	22-257M-22-257
13	Sarah	Johnson Phillips	sjphillips@stoel.com	Stoel Rives LLP		33 South Sixth Street Suite 4200 Minneapolis MN, 55402 United States	Electronic Service		No	22-257M-22-257
14	Peder	Larson	plarson@larkinhoffman.com	Larkin Hoffman Daly		8300 Norman Center Drive Suite 1000	Electronic Service		No	22-257M-22-257

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
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15	Annie	Levenson Falk	annielf@cubminnesota.org	Citizens Utility Board of Minnesota		332 Minnesota Street, Suite W1360 St. Paul MN, 55101 United States	Electronic Service		No	22-257M-22-257
16	David	Moeller	dmoeller@allete.com	Minnesota Power			Electronic Service		No	22-257M-22-257
17	Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP		33 South Sixth St Ste 4200 Minneapolis MN, 55402 United States	Electronic Service		No	22-257M-22-257
18	David	Niles	david.niles@avantenergy.com	Minnesota Municipal Power Agency		220 South Sixth Street Suite 1300 Minneapolis MN, 55402 United States	Electronic Service		No	22-257M-22-257
19	Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us		Office of the Attorney General - Residential Utilities Division	1400 BRM Tower 445 Minnesota St St. Paul MN, 55101-2131 United States	Electronic Service		Yes	22-257M-22-257
20	Christine	Schwartz	regulatory.records@xcelenergy.com	Xcel Energy		414 Nicollet Mall FL 7 Minneapolis MN, 55401-1993 United States	Electronic Service		No	22-257M-22-257
21	Will	Seuffert	will.seuffert@state.mn.us		Public Utilities Commission	121 7th PI E Ste 350 Saint Paul MN, 55101 United States	Electronic Service		Yes	22-257M-22-257
22	James M	Strommen	jstrommen@kennedy-graven.com	Kennedy & Graven, Chartered		150 S 5th St Ste 700 Minneapolis MN, 55402 United States	Electronic Service		No	22-257M-22-257