



The Office of  
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August 14, 2023

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

**Re: *In the Matter of a Commission Investigation to Identify and Develop Performance Metrics and, Potentially, Incentives for Xcel Energy's Electric Utility Operations***  
**MPUC Docket No. E-0002/CI-17-401**

Dear Mr. Seuffert:

The Office of the Attorney General—Residential Utilities Division (“OAG”) respectfully submits this Letter in response to the Notice of Comment Period (“Notice”) filed May 26, 2023 by the Minnesota Public Utilities Commission (“Commission”) and in response to comments of various parties to this proceeding. As with previous filings in this docket, the OAG will not comment on all issues. However, this silence does not necessarily indicate support for or opposition to any particular position. Instead, the OAG will focus its response on select topics of greatest interest to Minnesota’s residential and small business ratepayers.

**1. The Commission Should Encourage Development of and Later Adopt a Locational Reliability/Equity Metric.**

Equity in the realm of modern utility service is a critical concern. Accordingly, the OAG joins Xcel Energy (“Xcel”), the Citizens Utility Board of Minnesota (“CUB”), Vote Solar and the Environmental Law & Policy Center (“VS/ELPC”), and the Department of Commerce-Division of Energy Resources (“Department”) in supporting the development and future adoption of a locational reliability/equity metric.<sup>1</sup>

**2. The Commission Should Still Adopt Some Baselines and Targets at This Time Even if Certain Metrics Warrant a Delay.**

While certain metrics may indeed warrant a delay—such as environmental metrics likely to be impacted by recent federal or state legislation—some metrics may still be ripe for the setting of baselines and targets. In setting baselines and targets without further delay, the Commission

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<sup>1</sup> See Xcel Comments at 17-19, CUB Comments at 9, VS/ELPC Comments at 3-5, and Department Reply Comments of August 10, 2023 at 5.

could enable performance analysis at an earlier date, thus bringing the parties to this proceeding closer to review and refinement of at least some metrics. It is also worth remembering that this proceeding is currently at Stage 5 of the Performance Incentive Mechanism Process (“PIM”), where the Commission will “[e]stablish targets, as needed.” According to the PIM, which has been discussed at length, actual incentive mechanisms—i.e. financial penalties for subpar performance or rewards for meritorious performance—are not established until Stage 6. In other words, it is possible to set baselines and targets now, without attaching any financial component. This would give the Commission an opportunity to evaluate the proposed targets as well as the metrics, without attaching any financial consequences to those metrics. For these reasons, the Commission should adopt targets it finds appropriate.

**3. The Commission Should Still Adopt Baselines and Targets for Reliability Metrics Based on Three-Year Averages of Xcel’s Reliability Data.**

As noted in Comments filed July 31, the benchmarking analysis data provided by the Institute of Electrical and Electronics Engineers Distribution Reliability Working Group (“IEEE”) is a reliable source of independent data that could be used as a baseline for comparison of Xcel’s reliability performance. However, even the IEEE itself notes that the data it makes available “may not be directly comparable” to any particular utility’s performance, “since [d]ata collection & system differences exist, [c]ertain exclusion differences can occur” and “[c]ompanies may not report all forms of outages, due to data collection issues or other reasons.”<sup>2</sup> In other words, while the IEEE information is certainly valuable, it may be better used only as a baseline rather than as a baseline and a target. Additionally, judging Xcel’s baseline and target performance against its own data would not only yield goals that are inherently realistic—because they are based on the Company’s actual performance—but doing so would also eliminate the gap that exists between the filing of Xcel’s various reports and the publication of the IEEE benchmarking data. For these reasons, the Commission should base reliability metrics on three-year averages of Xcel’s own data.

**4. The Commission Should Order Review of Established Metrics and Targets Every Three Years.**

Xcel suggested that targets should be reviewed and potentially updated every three years, and the Department found this approach to be a good balance between consistency and currency of targets.<sup>3</sup> Review and revision on a three-year basis is a practical approach. Accordingly, the Commission should order review and refinement of metrics and targets every three years.

**5. The Commission Should Consider R Street’s Proposed Fuel Cost Risk Metric Once a Similar Endeavor Has Been Vetted.**

R Street Institute (“R Street”) suggested that it might be beneficial for the Commission to examine “how well Xcel is negotiating and reducing its fuel cost risk” and noted that “if Xcel is

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<sup>2</sup> IEEE Distribution Reliability Working Group. *Benchmark Year 2023 Results for 2022 Data* at 3. July 19, 2023. <https://cmte.ieee.org/pes-drwg/wp-content/uploads/sites/61/2023-IEEE-Benchmarking-Survey.pdf> (last visited Aug. 11, 2023).

<sup>3</sup> Department Reply Comments at 11.

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able to reduce its fuel cost risk, that would result in savings to customers...and it may, therefore, be worthwhile for a potential target and PIM, if Xcel is successful.”<sup>4</sup> The OAG appreciates R Street’s suggestion and can see the potential value of a fuel cost metric as a measure of accountability on a pass-through cost that could be of substantial benefit to Xcel’s customers. However, the OAG echoes the Department’s recommendation,<sup>5</sup> and suggests that the Commission wait to create this metric until there has been a reasonable opportunity to evaluate the impact of the new fuel clause adjustment process in Docket No. E999/CI-03-802.

**6. The Commission Should Take Action to Eliminate Duplicative Baselines, Targets, and Reporting Requirements.**

One key reason why the Commission should wait before it seeks to develop a fuel cost risk metric, per R Street’s proposal, is to avoid creating a duplicative metric, or at least a duplicative reporting requirement. Duplicative reporting requirements do not benefit—and in fact likely cause harm to—ratepayers who pay for the administrative cost of compliance, the Company which is required to comply with duplicative requirements, and stakeholders who often have limited time to weed through the myriad sources in which vital information is filed. The Department noted a belief “that the QSP tariff should be modified or terminated to ensure that metrics included in this proceeding and the QSP do not have more than one baseline or target.” In a footnote on the same page, the Department noted that “SAIDI, SAIFI, and CAIDI currently have two annual targets, one from the SRSQ, and one included in the QSP.”<sup>6</sup>

For the reasons described above, the Commission should consider adoption of targets for certain metrics, such as reliability and affordability, at the present time, while giving serious consideration to a delay in adoption of other metrics, such as environmental performance metrics, until the impact of recent state and federal legislation, and other concerns, can be thoroughly addressed.

Sincerely,

/s/ Travis Murray

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<sup>4</sup> R Street Comments at 5.

<sup>5</sup> Department Reply Comments at 14.

<sup>6</sup> Department Comments at 6.

**CERTIFICATE OF SERVICE**

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**MPUC Docket No. E-0002/CI-17-401**

I, JUDY SIGAL, hereby certify that on the 14th day of August, 2023, I e-filed with eDockets *a Letter of the Minnesota Office of The Attorney General—Residential Utilities Division* and served a true and correct copy of the same upon all parties listed on the attached service list by e-mail, electronic submission, and/or United States Mail with postage prepaid, and deposited the same in a U.S. Post Office mail receptacle in the City of St. Paul, Minnesota.

*/s/ Judy Sigal*  
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JUDY SIGAL

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