BEFORE THE MINNESOTA COURT OF ADMINISTRATIVE HEARINGS

600 North Robert Street

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FOR THE MINNESOTA PUBLIC UTILITIES COMMISSION

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MPUC Docket No. E-002/AA-22-179

CAH Docket No. 21-2500-40336

IN THE MATTER OF XCEL ENERGY'S PETITION FOR APPROVAL OF ITS 2023 ANNUAL FUEL FORECAST AND MONTHLY FUEL COST CHARGES

REPLY BRIEF OF THE CITIZENS UTILITY BOARD OF MINNESOTA

January 8, 2026

I. INTRODUCTION

The Citizens Utility Board of Minnesota ("CUB") respectfully submits this reply brief to provide recommendations to the Administrative Law Judge and Minnesota Public Utilities Commission (the "Commission") regarding Xcel Energy's ("Xcel" or the "Company") Petition for Approval of its 2023 Annual Fuel Forecast and Monthly Fuel Cost Charges. This reply brief responds to arguments forwarded by Xcel in its initial brief. CUB previously recommended that the Commission reject all or nearly all of Xcel's recommended offsets and order Xcel to refund customers $40.1 to $40.6 million, plus interest. Nothing in Xcel's initial brief causes us to adjust that recommendation.

II. ARGUMENT

Xcel makes the following arguments: 1) The Company's production cost modeling provides the most reasonable estimate of the additional power costs incurred due to the Prairie Island Nuclear Generating Plant ("PINGP") being offline; 2) customers will not be exposed to the costs of a future extended outage due to the Company's full replacement of the impacted cables; 3) customers will avoid future outage related costs due to the company performing certain additional work beyond the cable replacement; 4) the Commission should consider PINGP's historic performance in determining an appropriate refund amount; and 5) a refund of $7.4 million, plus interest, reasonably reflects the net impact on customers from the PINGP outage. As we explain below, Xcel has failed to offer adequate support for any of these arguments and has not met its burden to prove that drastically lowering the refund owed to its customers to account for its imprudence would result in just and reasonable rates.

A. The LMP Method discussed by XLI Witness Andrews is the best way to estimate Xcel's replacement power costs.

Xcel suggests it is the only party that provided evidentiary analysis responsive to the Commission's directive to "develop a record related to replacement power costs" incurred during the outage.[1] Xcel contends the alternate analysis offered by XLI Witness Andrews and supported by Department witness Rakow "attempts to quantify lost revenues due to PINGP's unavailability" rather than estimate replacement power costs.[2] This argument elevates semantics over substance. It is not possible to determine the exact costs Xcel incurred for replacement power resulting from the October 2023 outage.[3] While those costs can be estimated, PLEXOS is not the only tool useful for this purpose. Even Xcel acknowledges it also uses the LMP Method to estimate replacement power costs.[4] Though the Commission should consider both Xcel's use of PLEXOS modeling and XLI's and the Department's use

[1] *In the Matter of Xcel Energy's Petition for Approval of its 2023 Annual Fuel Forecast and Monthly Fuel Cost Charge,* Xcel Energy Initial Brief, Docket No. E-002/AA-22-179 (Nov. 25, 2025) ("Xcel Initial Brief), p. 23.
[2] *Id.*
[3] Ex. DOC-1 at 7 (Golden Direct) (eDocket No. 20257-220600-02).
[4] Xcel Initial Brief at 31.

of the LMP Method to inform its calculation of base replacement power costs, substantial evidence on the record supports placing more weight on the latter approach.

1. *Xcel has not resolved inconsistencies in its PLEXOS modeling.*

Xcel argues its PLEXOS modeling "provides the most reliable estimate of replacement power costs… and quantifies those costs at $34.3 million."[5] Every other party argued in their initial briefs that the PLEXOS model results are unreliable due to inconsistencies Xcel's witnesses have not adequately explained. Department Witness Rakow observed that the Company's model outputs "conflict with what is known in the real world," based on his review of LMP data reported by MISO.[6] Specifically, Dr. Rakow testified that actual LMP data does not support Xcel's assumption that PINGP would have to be replaced by Xcel's own generation.[7] The LMP data he reviewed to reach this conclusion is included in his testimony and is part of the evidentiary record.[8]

Xcel argues just the opposite: "in the 'real world,' Xcel Energy *did* see the generation at its other generation resources increase during the time PINGP was off-line[.][9]" However, Xcel cites only the Evidentiary Hearing Transcript of Witness Detmer's cross examination to support that assertion.[10] Absent from Xcel's brief is citation to any documentary evidence supporting Witness Detmer's statement or countering Dr. Rakow's analysis. Xcel could have introduced such evidence as a schedule attached to Witness Detmer's testimony, and/or when cross-examining Dr. Rakow. It did not. Even acknowledging Witness Detmer's evidentiary hearing testimony has evidentiary value, that testimony alone is insufficient to overcome the testimony of another experienced, qualified witness that *is* supported by actual documentary evidence on the record. This is particularly true in this instance given: 1) Xcel has the burden of proof in this case; and 2) the disputed issue is not a matter of two experts having differing opinions; but rather two experts looking at factual data and drawing different conclusions from it.

Dr. Rakow determined, citing documented evidence, that inconsistencies in Xcel's use of the PLEXOS model render its results unreliable. Xcel has not adequately explained those inconsistencies through its own examination and introduction of contrary evidence. Reviewing the evidentiary record as a whole, the Commission should give Xcel's analysis and recommendations grounded in its PLEXOS modeling little weight.

[5] Xcel Initial Brief at 23-24.
[6] Ex. DOC-3 at 14 (Rakow Surrebuttal) (eDocket No. 20259-223100-03).
[7] *Id.* at 13.
[8] *Id.*
[9] Xcel Initial Brief at 28, FN 120.
[10] *Id.*

2. *The LMP Method provides a sound estimate of replacement power costs.*

XLI, the Department, OAG, and CUB argue that the LMP Method discussed in Witness Andrews testimony and supported by Dr. Rakow provides a more reasonable estimate of replacement power costs. Witness Andrews quantifies those costs at $40.6 million.[11]

Xcel contends the LMP Method is an overly simplistic way to estimate replacement power costs.[12] According to Xcel, "a simple way to check the reasonableness of using the LMP Method to estimate the customer impact of the PINGP outage" involves determining whether the "*loss* of PINGP power had had no impact whatsoever on the other Xcel Energy generating assets."[13] Xcel suggests the LMP Method fails this check because "Xcel Energy's other generation resources increased production during the time PINGP was off-line, as shown by a comparison of the Company's forecasted generation (assuming PINGP generation was fully operational) to actual generation at those plants during the PINGP outage."[14] This argument fails for two reasons. First, it fails for the same reason discussed above: Xcel offers no documentary evidence *showing* the comparison of the Company's forecasted generation compared to its actual generation. The Company merely cites the Evidentiary Hearing transcript of Witness Detmer's cross examination.[15] Again, the evidentiary value of Witness Detmer's unsupported testimony is diminished when other parties, the judge, and the Commission have no ability to review the objective data he relies on when taking a contrarian position to other witnesses who do support their testimony with third-party data or other documentary evidence. Second, even if actual production at Xcel's other generation resources exceeded forecasts, Xcel has not explained why that increase should only be attributed to PINGP being offline. Forecasts are, of course, imperfect predictions of actual performance. Xcel's "check" on the LMP method is, itself, overly simplistic if it assumes the LMP Method is unreliable as soon as there is a variation, for any reason, between forecasted and actual performance.

There is stronger record support for using the LMP Method over PLEXOS modeling to estimate the baseline amount of replacement power costs. The Commission should accept Witness Andrews' analysis and find the baseline amount of replacement power costs to be refunded to ratepayers is $40.6 million.

B. Xcel relies on speculation and weak evidence to suggest the Company's full replacement of the impacted cables warrants lowering customers' refund.

Xcel suggests that, "[b]ecause the cables would have needed to be replaced in the future, the replacement of the cables in 2023 avoided the inevitable future power replacement costs" and that,

[11] Ex. XLI-3 at 13 (Andrews Surrebuttal) (eDocket No. 20259-223127-02) (XLI initially redacted this number as trade secret, however counsel for XLI and Xcel have since stipulated to make it public.)
[12] Xcel Initial Brief at 31.
[13] *Id.* at 32.
[14] *Id.* at 33.
[15] *Id.* at 33, FN 136.

therefore, the refund owed to customers should be reduced by $21 million.[16] Xcel's recommended adjustment relies first on the assumptions that Xcel would have: 1) inspected the cables at some point in the future useful operating life of the plant; 2) determined during that inspection the cables needed replacement; and 3) executed such replacement during a future planned dual unit outage. These assumptions are further qualified by compounding layers of speculation, as exemplified in this discussion of Xcel's Witness Hiser's assessment of the October 2023 Event:

> Had the Event not occurred, the degraded cables discovered as a result of the Event may have been part of the 20 percent sampled as part of the [subsequent license renewal (SLRA)] process. Had these cables been included in the 20 percent sampled, it is highly likely that the degradation would be identified at that time. It is likely that corrective actions would include replacement of the cables, similar to the actions taken by the Company following the Event. This planned replacement, however, would likely have occurred as part of a planned dual unit outage.[17]

Breaking that down into its component parts, Xcel suggests:

1. If the Event had not occurred, then the degraded cables "may have" been part of the 20 percent sampled;
2. if the degraded cables had been sampled, then it is "highly likely" degradation would have been identified;
3. if degradation was identified, then "it is likely" corrective actions would include cable replacement;
4. if cable replacement happened, then it "would likely have occurred" as part of a planned dual unit outage.

If any of the hypothetical, *potential* steps discussed above were to not materialize, then the entire hypothetical analysis falls apart.

There is another, more reasonable (albeit also speculative) possibility: had Xcel not severed the cables in the October 2023 Event, it likely would not have identified and corrected the ""weakness in the Excavation Permit approval process as well as the inadequate oversight of the non-nuclear supplemental workers performing HDD [horizontal directional drilling] work" that cased the Event in the first place.[18] Without that correction, a future imprudent action might have caused damage to the same cables—or perhaps others in a condition that did not suggest full replacement was warranted. Such an event would put Xcel and the Commission right back where it is in this proceeding, deciding whether Xcel should bear the full costs of repairing or replacing cables it imprudently damaged, or whether an offset should be applied.

[16] *Id.* at 33.
[17] *Id.* at 15.
[18] Ex. OAG-7 at 7 of 14.

In the present case, there is clear, undisputed *actual* record evidence showing that Xcel's imprudence caused it to damage the cables. To correct for its imprudence, Xcel needed to replace the cables. In other words, Xcel's imprudence was the proximate cause of the cables being replaced. On the other hand, there is only tenuous evidence suggesting that the cables *may* have been replaced at a future date had the Event not occurred. Because the latter scenario is inherently speculative, there is doubt as to whether, when, and for what reason the cables would have been replaced in the future—and uncertainty as to who would be responsible for the costs of that replacement. The Commission must resolve that doubt in favor of the consumer.[19] It should reject Xcel's proposed avoided future replacement power and cable costs adjustment.

C. Xcel has not proved that pull-forward work avoided future outage days.

Xcel argues that it used the unplanned dual unit outage to "pull-forward" certain projects that had been slated for a later planned outage and that, by completing those projects early, the Company avoided 2.2 outage days, saving $500,000 in future costs.[20] The OAG provided evidentiary support for eliminating even this $500,000 offset.[21] Namely, OAG witness Lee testified that the pulled-forward projects could have been completed concurrently with other projects requiring a dual fuel outage in the future and, therefore, doing them early did not necessarily translate to reduced outage days or customer savings.

Xcel criticizes Witness Lee's testimony for being "not evidence, but mere speculation."[22] This argument is somewhat rich, given the deeply speculative nature of several of Xcel's arguments (as discussed above). We believe the OAG has established a record that supports eliminating the adjustment, should the Commission choose to do so. On the other hand, we appreciate that the Company agreed to reduce the $1.8 million offset it originally proposed for pulled-forward work and now recommends a $500,000 offset (based on agreeing with Department Witness Golden's analysis and recommendations).[23] We trust the Commission to exercise its discretion in determining whether this offset is appropriate.

D. PINGP's historic performance is irrelevant to determining an appropriate refund amount.

Xcel devotes several pages of its initial brief to discussing the historic performance of PINGP, suggesting its "strong performance" over the five-year period from 2018 from 2022 supports lowering the refund now owed to customers.[24] This is the weakest of Xcel's arguments. Xcel's customers have

[19] Minn. Stat. § 216B.03.
[20] Xcel Initial Brief at 39.
[21] *See e.g.* Ex. OAG-4 at 4 (Lee Surrebuttal) (eDocket No. 20259-223116-02).
[22] Xcel Initial Brief at 40-41.
[23] Ex. DOC-2 at 2 (Golden Surrebuttal) (eDocket No. 20259-223100-01), citing Ex. XCEL-3 at 6 (Krug Rebuttal) (eDocket No. 20258-22204-07).
[24] Xcel Initial Brief at 44.

already paid for Xcel's historic operation of PINGP.[25] Re-reviewing that historic performance is irrelevant to addressing the consequences of Xcel's imprudence in October 2023, and any actions Xcel took afterwords that might warrant any offsets to the refund owed to customers stemming from Xcel's imprudence.

Moreover, even if the Commission were to consider PINGP's historic performance relevant to determining whether offsets are warranted, Xcel has not explained why the Commission should only review Xcel's performance from 2018 to 2022—or why it should ignore record evidence of PINGP's overall *underperformance* over a longer time horizon.[26] If Xcel argues it should be credited for overperformance in one five-year period, then why shouldn't ratepayers be credited for underperformance in other periods, such as the five-year period immediately preceding Xcel's chosen timeframe, where PINGP's average capacity factor was 7.32% below the industry average?[27] Or, as Witness Golden asked in his testimony, "If another outage resulting from imprudent action were to occur at the PINGP facility within the *next* five years, could the Commission . . . order a historical performance adjustment revising a ratepayer refund upwards rather than downwards?"[28] Though these questions were raised on the record, Xcel ignored them in its initial brief.

All told, engaging in this type of historic analysis is an illogical and inefficient use of the Commission's resources and would set a horrible precedent for future prudence reviews. Allowing utilities to "bank" prudence in the manner Xcel requests would only favor utilities and harm ratepayers by giving utilities additional opportunities to escape accountability for imprudent conduct. The judge and Commission should soundly reject Xcel's efforts to lower the refund owed to its customers due Xcel's imprudent actions in October 2023 based on PINGP's performance from 2018 through 2022.

E. Xcel's proposal to lower the refund to $7.4 million is unreasonable and unjust.

The Commission has a responsibility to ensure rates charged to Xcel's customers are just and reasonable, with doubt as to reasonableness resolved in favor of the consumer.[29] As discussed above, the record supports a finding that Xcel incurred $40.6 million in replacement power costs stemming from its imprudence. Even if the Commission were to accept Xcel's PLEXOS-based estimate of its replacement power costs, the record still supports a finding that Xcel incurred $34.3 million in replacement power costs stemming from its imprudence. Xcel, not its ratepayers, is responsible for every dollar of those costs, unless it meets its burden to prove that lowering that amount still results in just and reasonable rates.

[25] *In the Matter of Xcel Energy's Petition for Approval of its 2023 Annual Fuel Forecast and Monthly Fuel Cost Charge,* Department of Commerce Initial Brief, Docket No. E-002/AA-22-179 (Nov. 25, 2025), p. 18-22; *In the Matter of Xcel Energy's Petition for Approval of its 2023 Annual Fuel Forecast and Monthly Fuel Cost Charge,* Minnesota Office of the Attorney General Initial Brief, Docket No. E-002/AA-22-179 (Nov. 25, 2025), p. 32-35.
[26] *See e.g.,* Ex. DOC-2 at 8 (Golden Surrebuttal).
[27] *Id.* at ARG-S-1.
[28] *Id.* at 8. (emphasis added).
[29] Minn. Stat. § 216B.03.

For the reasons discussed above, Xcel's suggestion to offset the refund by more than $26 million—a 78 percent to 82 percent reduction—is poorly supported by the record. Xcel has failed to overcome evidence introduced by other parties that introduces doubt as to the reasonableness of such an enormous offset. The Commission must resolve that doubt in favor of Xcel's customers.

IV. CONCLUSION

Xcel argues that, in order to calculate an appropriate refund owed to customers, it must "create[e] an alternate history, one in which the outage never happened, to determine what Xcel Energy's costs would have been had PINGP been fully operational, and then comparing those costs to the costs actually incurred in the outage."[30] As discussed above, the alternate history Xcel created—one where a $7.4 million refund is reasonable—relies too heavily on speculation and too little on evidentiary support. CUB stands by the recommendations offered in our initial brief:

1. The Commission should rely on Witness Andrews' analysis to determine that the baseline refund owed to Xcel's customers for replacement power costs incurred during the October 2023 outage is $40.6 million;

2. The Commission should reject Xcel's proposed $21 million avoided future replacement power costs adjustment;

3. The Commission should permit no more than a $500,000 offset for avoided future outage days;

4. The Commission should reject Xcel's proposed $5.7 million historical performance adjustment;

5. The Commission should order Xcel to refund customers $40.1 million to $40.6 million, plus interest.

January 8, 2026

Respectfully submitted,

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[30] Xcel Initial Brief at 1.