



414 Nicollet Mall
Minneapolis, MN 55401

May 4, 2026

—Via Electronic Filing—

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

RE: REPLY COMMENTS - SPACE HEATING RATE TARIFF MODIFICATIONS
RESIDENTIAL TIME OF USE RATE DESIGN
DOCKET NO. E002/M-23-524

Dear Ms. Bergman:

Northern States Power Company, doing business as Xcel Energy, submits the enclosed Reply Comments in response to the April 24, 2026 Comments from the Minnesota Department of Commerce.

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 Brandon Kirschner at Brandon.M.Kirschner@xcelenergy.com or contact me at Holly.R.Hinman@xcelenergy.com if you have any questions regarding this filing.

Sincerely,

/s/

HOLLY HINMAN
DIRECTOR, REGULATORY & STRATEGIC ANALYSIS

Enclosure
cc: Service List

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben	Chair
Hwikwon Ham	Commissioner
Audrey C. Partridge	Commissioner
Joseph K. Sullivan	Commissioner
John A. Tuma	Commissioner

IN THE MATTER OF THE PETITION OF
NORTHERN STATES POWER COMPANY,
DBA XCEL ENERGY, FOR APPROVAL OF A
RESIDENTIAL TIME OF USE RATE
DESIGN

DOCKET No. E002/M-23-524

REPLY COMMENTS

INTRODUCTION

Northern States Power Company, doing business as Xcel Energy (Company), submits these Reply Comments in response to the April 24, 2026 Comments from the Minnesota Department of Commerce (Department). We appreciate the Department's review of the tariff modifications proposed in our March 25, 2026 Petition in the above-referenced docket.

In these Reply Comments, we address issues raised by the Department in Comments and provide additional information requested by them. In addition, we also provide additional context around the Company's planned enrollment options for customers interested in our electric space heating rates and how those impacted the proposed tariff modifications related to rate enrollment.

REPLY COMMENTS

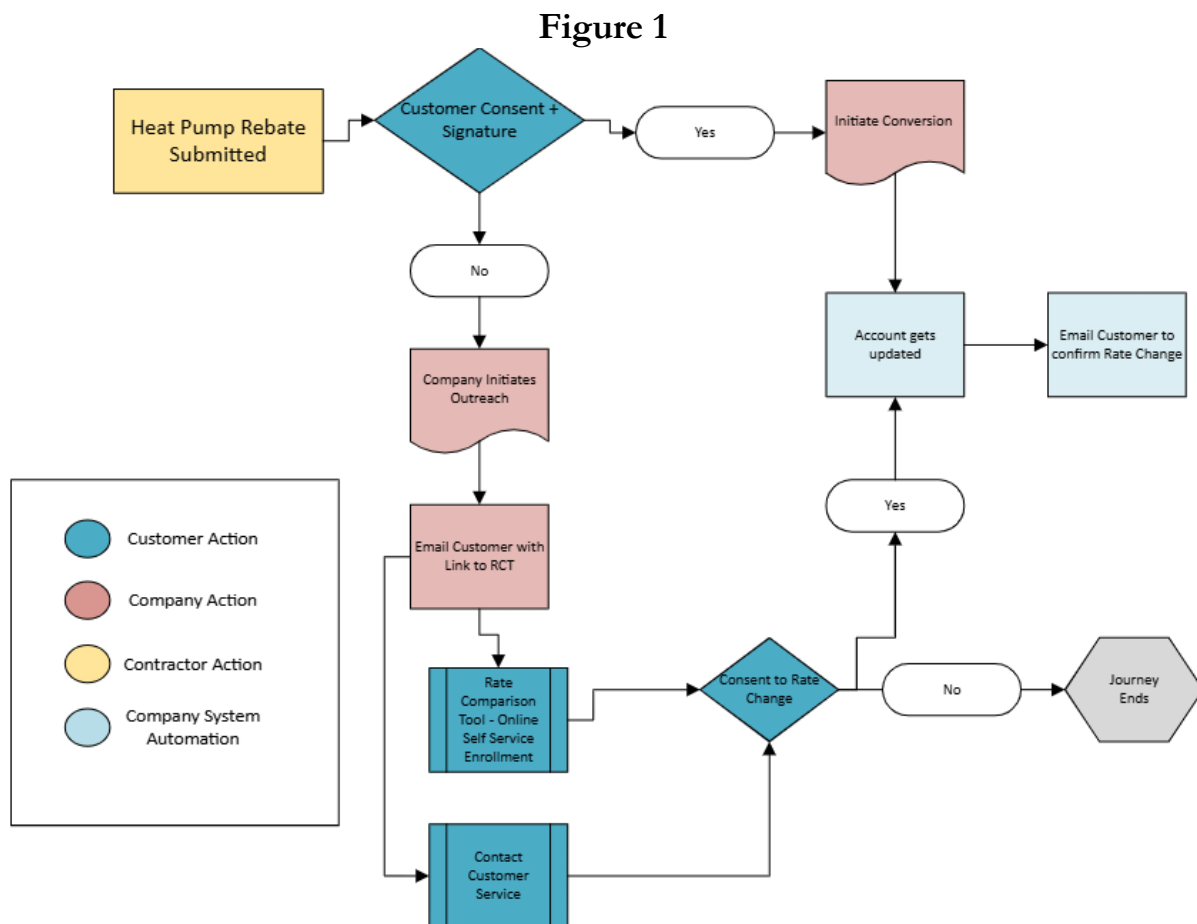
I. SPACE HEATING ENROLLMENT PROCESS DEVELOPMENT

Our proposed tariff modifications related to enrollment in our electric space heating rate included in our March 25, 2026 Petition was intended to specifically address Order Point No. 8 of the Commission's February 23, 2026 Order in this docket. That Order Point states:

Xcel must draft tariff language to allow enrollment in the electric space heating rate through the heat pump rebate application and self-enrollment and file the proposed language in this docket within 30 days of this Order.

The Company did not interpret Order Point No. 8 to be specifically referring to online enrollment and we drafted language that does not expressly address online self-enrollment. However, the Company is in the process of developing an enrollment process to comply with Order Point Nos. 6, 7, 9, and 10 of the Commission's February 23, 2026 Order. Some of those efforts involve system enhancements that are underway.

Figure 1 below provides the various enrollment options that the Company is in the process of developing.



Consistent with this process plan, the Company is updating the heat pump rebate application to include clear messaging that educates customers on the potential benefits of enrolling in the space heating rate. The application will also include a

customer consent form that must be signed to enroll in the space heating rate when a qualifying heat pump is installed.

Contractors are responsible for submitting heat pump rebate applications, either by paper or through the online application portal. The Company will provide contractor training on the benefits of the electric space heating rate, as well as the process changes required to obtain the customer's signed consent and to confirm that the heat pump is the home's primary heating source. Contractors will upload the signed consent form, a copy of the invoice, and any other required documentation when submitting the rebate application.

Once the application is approved, provided all required consent and confirmations have been received, the system will automatically trigger the rate change. The customer will then receive an email and/or mailed letter confirming the rate change and the customer will not need to take any additional action in response to this notification.

If the application is missing information needed to complete the rate change, the customer will receive an email with instructions on their additional path to enroll, including contacting customer service or initiating the rate change online, provided they meet the applicable eligibility requirements.

Initially, the online self-enrollment is intended for those customers who have submitted a heat pump rebate application. The reason for this limitation is that the space heating rate is not available to all customers, only those that qualify for it. The heat pump rebate application offers an opportunity for the Company to verify customer eligibility for the space heating rate. The Company is interested in opening the online enrollment process to all eligible customers, beyond those who submit heat pump applications; we are still investigating how to implement an online system to verify customer eligibility while protecting from ineligible enrollments in the rate.

Even if system automation is not fully implemented by the 2026 heating season, the Company intends to have an operational process, with appropriate interim workarounds if needed, to support customer enrollment through the heat pump rebate application in time for the October heating season.

A. Compliance with Commission Order Point No. 6

We disagree with the Department's characterization that our proposed tariff modifications do not fully satisfy Order Point No. 6 of the Commission's February

23, 2026 Order.¹ Order Point No. 6 addresses updates to the heat pump rebate application and allowing customers to enroll in the space heating rate automatically through the rebate process. The updates to the heat pump rebate applications and the development of a process for customers to be automatically enrolled in the electric space heating rate through the application process discussed above are meant to fully comply with Order Point No. 6 of the Order. In our proposed tariff modifications, we explicitly note that “Customers applying for a heat pump rebate from the Company for equipment that will serve as a primary heating source may enroll in the electric space heating rate through the rebate application.” We believe the proposed language makes clear customers can enroll in the space heating rate through the rebate application process and meets the expectations of Order Point No. 8.

Customers who submitted the heat pump rebate applications prior to the updates outlined above will be sent communications via email inviting them to review the space heating rate option through their MyAccount portal and can initiate the rate change request through that online process.

B. Compliance with Commission Order Point No. 7

The Department also stated that our proposed tariff modifications are not in compliance with Order Point No. 7. We disagree with this characterization as well. Order Point No. 7 addresses the implementation of an online self-service enrollment process. Prior to the Commission’s action on this matter, the Company was not intending to initially offer an online self-enrollment process for the space heating rate option; since the Commission’s action, the Company is underway with the system work that needs to be completed to ensure the online enrollment process is fully developed. As we noted above, this is one of the many processes underway for space heating enrollment.

As stated above, the Company did not interpret Order Point No. 8 to be specifically referring to the online enrollment addressed in Order Point No. 7, and we drafted language that does not expressly address online self-enrollment. Our proposed tariff modification notes that customers can enroll in the space heating rate through the heat pump rebate process or by contacting the Company. Those are the options that we anticipate being in place at the time we anticipate this proposed tariff going into effect, with an online option launching once system development is complete. If addressing the online enrollment option in tariffed language is important to parties, the Company is not opposed to proposing an additional tariff modification later to note the availability of an online-self enrollment option once it becomes available.

¹ See Page 2 of the Department’s April 24, 2026 Comments.

II. DEPARTMENT'S RECOMMENDED TARIFF MODIFICATION

The tariff language the Company has proposed to modify related to customer opt-outs (Rejoin Policy) is meant to prevent customers from avoiding the price signals of the TOU rate by opting-in when the rate is advantageous to them and opting-out when it is disadvantageous. Ultimately, we are trying to avoid customers “gaming” the seasonality of the TOU rate pricing. The Rejoin Policy in the proposed tariff modification accomplishes that goal while still allowing customers to try the rate for a period that they choose at no risk to them.

In their Comments, the Department recommended a revised version of our tariff modification meant to address customers who leave the Residential TOU Rate. Specifically, the Department recommended that the Commission require us to revise our tariff to read (Department modifications in red underline):

Any customer who has previously taken service under this tariff and opted out cannot reenroll in the rate for a minimum of 12 months from the end of the last billing cycle on the rate, and is required to stay on this rate for a minimum of 12 months if they wish to reenroll.

The Company met with the Department to discuss the Rejoin Policy ahead of filing these Reply Comments. Based on that discussion, our understanding is that the Department's intention behind their proposed modifications was to address customers who are interested in rejoining the rate after an extended period off the rate, with the thought that those customers should not be mandated to stay on the rate for 12 months. For example, if a customer opts into the rate in Fall 2026, opts out in Spring 2027, and then opts in again in Fall 2030, that customer should not be obligated to stay on the rate for 12 months.

We understand the Department's interest in addressing customers who have been off the rate for an extended period. We believe it makes sense to essentially treat those customers as “new” customers to the rate, in contrast to customers who attempt to seasonally opt in and out of the rate on an annual basis. To accomplish this, the Company is open to making an additional modification to our Rejoin Policy, by exempting customers who have been off the rate for more than 12 months. Specifically, we propose modifying our tariff to read (additional Company tariff modifications in red underline):

Any customer who has previously taken service under this tariff and opted out is required to stay on this rate for a minimum of 12 months if they wish to reenroll. This requirement only applies if a customer has taken service under this rate within 12 months prior to rejoining the rate.

We believe the Company's new proposal results in the balance the Company and the Department are trying to achieve, enabling customers to join and leave the voluntary rate with guardrails on appropriate use.

A. Planned Customer Communications

The Company will communicate the enrollment policies at the point of enrollment. They will be presented within the authenticated MyAccount experience that facilitates self enrollment – presented as both a disclaimer on screen as well as within the terms and conditions that a user must accept to submit the online rate change request. It will also be communicated by the Customer Service Representative at the time of enrollment, if a customer is enrolling by contacting customer service.

B. Application of Enrollment Rules to Recently Unenrolled Customers

The effective date of the proposed tariff modifications will serve as a reset for new terms, meaning any customer who was previously on the pilot rate and unenrolled prior to the effective date will not be held to the Rejoin Policy if they choose to enroll in the rate after the effective date. They will be considered a new customer should they choose to join the rate after the effective date.

CONCLUSION

We appreciate the opportunity to provide these Reply Comments responding to the Department's April 24, 2026 Comments addressing our proposed tariff modifications for our Residential TOU Rate.

Dated: May 4, 2026

Northern States Power Company

CERTIFICATE OF SERVICE

I, Christine Marquis, 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/M-23-524

Dated this 4th day of May 2026

/s/

Christine Marquis
Regulatory Administrator

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