



414 Nicollet Mall  
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July 30, 2020

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

—Via Electronic Filing—

RE: QUARTERLY REPORT: ESTIMATES OF RELATED COSTS AND OFFSETS  
FINANCIAL EFFECTS OF COVID-19: DEFERRED ACCOUNTING  
DOCKET NO. E,G999/M-20-427

Dear Mr. Seuffert:

Northern States Power Company, doing business as Xcel Energy, submits this initial quarterly report providing information regarding the Company's tracking of related expenses, revenues, grants and other offsets resulting from the effects of COVID-19, pursuant to the Minnesota Public Utilities Commission's May 22, 2020 ORDER APPROVING ACCOUNTING REQUEST AND TAKING OTHER ACTION RELATED TO COVID-19 PANDEMIC (Order) and June 25, 2020 NOTICE OF CLARIFICATION OF QUARTERLY REPORTING REQUIREMENT (Notice) in the above-noted docket.

We understand, per the Notice requirements, that for the duration of this proceeding, compliance filings for the quarters ending in March, June, September and December will be due 30 days after the end of each respective quarter. We provide information below regarding estimated COVID-19 related costs and offsets and include aging accounts receivable data as of June 30, 2020 in the tabular format requested by the Commission.

#### **A. COVID-19 Related Costs and Offsets**

Through the first and second quarter of 2020, incremental costs related to COVID-19 have included various categories of operating costs, including recognition of additional bad debt expense for expected uncollectible accounts of approximately \$2.0 million for the Minnesota jurisdiction, and incremental non-labor expenses primarily related to cleaning/sanitizing, physically distancing, safety materials, and costs to support remote work for a total year-to-date impact of approximately \$1.2 million for the Minnesota jurisdiction. These amounts are preliminary and may be revised pending additional review. Finally, the Company may see additional categories of cost

increases as the pandemic progresses. Further, the \$2.0 million of estimated incremental bad debt expense represents only the amount of bad debt expense related to the impacts of COVID-19. This estimate is based on prior experience with an extreme exogenous event, such as the 2008 recession.

The Company is still analyzing the impacts of COVID-19 and does not have complete information regarding any offsets to incremental incurred costs currently. Preliminarily, the Company has noted certain categories of reduced costs to date, including reduced company travel during periods of state stay-at-home restrictions and avoided costs of disconnects. The Company estimates the Minnesota jurisdictional share of these savings to be approximately \$1.1 million.

The Company notes that these estimates should be seen as preliminary and welcomes input and discussion from parties regarding additional details that may be helpful as we assess impacts.

## **B. Accounts Receivable Aging, By Class (Bad Debt)**

In general, we recognize commodity bad debt expense through a combination of: (1) estimating an amount of accounts receivable reserve (or provision) associated with outstanding account receivables by aging bucket that will be unrecoverable; and, (2) writing off uncollectible accounts not previously reflected in this reserve.

We allocate bad debt expense to our natural gas and electric operations consistent with the process by which debt is written off. Total bad debt expense is assigned at a Total NSPM Operating Company level, because customer payments and write-offs are recorded to the customer's overall account – not separately for electric and gas service. Therefore, because we have combined electric and gas customers who pay for utility service on an integrated basis, the bad debt expense is also integrated at a customer account level.

**Table 1**  
**Total NSPM Operating Company (Electric and Gas)**  
**Commodity Accounts Receivable Aging by Customer Class (\$s)**  
**Includes Active and Inactive Accounts as of June 30, 2020**

Class	Current	1-30 days past due	31-60 days past due	61-90 days past due	90+ days past due	Total
Residential	98,964,812	13,492,935	8,481,418	8,047,205	33,917,702	162,904,072
Commercial	37,434,038	2,470,849	715,412	753,004	1,573,024	42,946,327
Industrial	58,822,223	8,435,057	1,060,359	190,078	1,245,055	69,752,772
Others*	3,433,715	78,116	19,771	3,402	44,913	3,579,916
<b>Total</b>	<b>198,654,788</b>	<b>24,476,957</b>	<b>10,276,961</b>	<b>8,993,688</b>	<b>36,780,693</b>	<b>279,183,087</b>

\*Includes Non-Energy, Gas Transportation, and State/Government

Consistent with our approach to allocating bad debt expense, Table 1 above provides Commodity Accounts Receivable Aging by Customer Class as of June 30, 2020 at the Total NSPM Operating Company level for electric and gas customers combined.

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 me at (612) 330-6270 or [allen.krug@xcelenergy.com](mailto:allen.krug@xcelenergy.com) or Mary Martinka at (612) 330-6737 or [mary.a.martinka@xcelenergy.com](mailto:mary.a.martinka@xcelenergy.com) if there are any questions regarding this submission.

Sincerely,

/s/

ALLEN D. KRUG  
ASSOCIATE VICE PRESIDENT  
NSPM STATE REGULATORY POLICY

c: Service List

## CERTIFICATE OF SERVICE

I, Paget Pengelly, hereby certify that I have this day served copies or summaries of the foregoing document on the attached list(s) of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States Mail at Minneapolis, Minnesota

or

xx electronic filing

**Docket No. E,G999/M-20-427**

Dated this 30th day of July 2020

/s/

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Paget Pengelly  
Regulatory Administrator

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