STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION

Katie Sieben	Chair
Joseph Sullivan	Vice-Chair
Hwikwon Ham	Commissioner
Audrey Partridge	Commissioner
John Tuma	Commissioner

In the Matter of Xcel Energy's 2025 Integrated Distribution Plan	Docket No. E-002/M-25-142

Reply Comments of the Citizens Utility Board of Minnesota

The Citizens Utility Board of Minnesota ("CUB") respectfully offers the following reply comments in response to the Notice of Comment Period issued by the Minnesota Public Utilities Commission ("Commission") on November 13, 2025 in the above-referenced matter.

I. Overview

On October 31, 2025, Northern States Power Company d/b/a Xcel Energy ("Xcel" or the "Company") filed its 2025 integrated distribution plan ("IDP"), which provides a "strategic roadmap for how [it] plan[s], operate[s], and invest[s] in its Minnesota electric distribution system to meet both current and future customer needs."[1] From 2026 through 2030, Xcel estimates it will spend close to $5.2 billion between distribution capital investment and operations and maintenance ("O&M") expenses.[2] This averages to over $1 billion annually over the next five years, and represents a marked change from historical spend. As the Minnesota Department of Commerce ("Department") indicates, Xcel's 2026 distribution budget "is nearly three times higher than its 2021 budget," and the Company intends to "maintain a spending level that is at least twice as high as 2020 and 2021 spending by 2030."[3] This drastic increase in distribution spend is alarming, and raises the question of whether alternatives should be considered or prioritized to minimize customer costs while maintaining the safety, reliability, and resiliency of the grid.

The current IDP framework operates primarily as an informational tool to apprise the Commission and stakeholders of planned investments. Importantly, the Commission's review of distribution system plans does not constitute a "prudency determination of any proposed system modifications or investments," nor is it meant to "preclude flexibility for Xcel to respond to dynamic changes and on-

[1] *In the Matter of Xcel Energy's 2025 Integrated Distribution Plan*, Docket No. E-002/M-25-142, Integrated Distribution Plan (Oct. 31, 2025) (hereinafter "2025 Xcel IDP").
[2] 2025 Xcel IDP, Ch. 6 at 12 (Table 6-2), 21 (Table 6-8).
[3] *In the Matter of Xcel Energy's 2025 Integrated Distribution Plan*, Docket No. E-002/M-25-142, Integrated Distribution Plan, Initial Comments of the Minnesota Department of Commerce (Feb. 26, 2026) (hereinafter "Department Initial Comments").

going necessary system improvements to the distribution system."[4] Although not directly resulting in cost recovery, IDPs nonetheless play a pivotal role in facilitating engagement around the Company's distribution projects and are designed to achieve several key cost-mitigation objectives:

- Maintain and enhance the safety, security, reliability, and resilience of the electricity grid, *at fair and reasonable costs*, consistent with the state's energy policies;
- Enable greater customer engagement, empowerment, and options for energy services;
- Move toward the creation of efficient, *cost-effective*, accessible grid platforms for new products, new services, and opportunities for adoption of new distributed technologies; and
- Ensure *optimized utilization of electricity grid assets and resources to minimize total system costs*.
- Provide the Commission with the information necessary to understand Xcel's short-term and long-term distribution system plans, the *costs and benefits of specific investments*, and a *comprehensive analysis of ratepayer cost and value*.[5]

Consistent with these overarching principles, CUB continues to support the idea that IDPs be "allow[ed] . . . to evolve with practice" to address new challenges and constraints, and ensure customers receive the benefits of cost-effective system investments.[6] Given these goals and the exponential trajectory associated with Xcel's distribution spend, we appreciate the Department's proposal to revise the IDP process in a manner that allows for a more comprehensive analysis of investment alternatives, prioritization, and implementation. Such a modified process will play an essential role in building a robust record to inform the Company's investment decisions, as well as the Commission's review of the IDP and its eventual cost recovery determinations.

II. Analysis

As currently structured, IDPs do not offer a robust pathway for "ensur[ing] that Xcel optimizes its distribution spending."[7] Nor do rate cases, prudency analyses, or cost recovery dockets provide an appropriate venue for exploring potential distribution alternatives. These proceedings typically involve regulatory review after initial investment decisions have already been rendered. Given the Company's forecasted budget increases, we appreciate the Department's recommendation to more carefully scrutinize distribution standards, analyses, and prioritization within the IDP.

At a high level, the Department's proposed adjustments to the IDP process are focused on increasing transparency and providing a reasonable framework for revising distribution planning assumptions

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[4] *In the Matter of Distribution System Planning for Xcel Energy*, Docket No. E-002/CI-18-251, Order Approving Integrated Distribution Planning Filing Requirements for Xcel Energy, Att. 1 at 1 (Aug. 30, 2018) (hereinafter "Order Approving Xcel IDP Requirements").

[5] Order Approving Xcel IDP Requirements, Att. 1 at 1 (emphasis added).

[6] *In the Matter of Distribution System Planning for Xcel Energy*, Docket No. E-002/CI-18-251, Reply Comments of the Citizens Utility Board of Minnesota at 1 (Jul. 20, 2018).

[7] Department Initial Comments at 9.

and investment methodologies that conflict with the Commission's IDP objectives and could accentuate affordability burdens for the Company's Minnesota ratepayers. In particular, the Department's "strategies for distribution system optimization" include the following recommendations related to studying the costs, benefits, and alternatives to distribution projects:

- The Department recommends the Commission order Xcel to provide an update to each program cost benefit analysis ten years after the initial presentation of the cost benefit analysis.
- The Department recommends the Commission order Xcel to provide a cost benefit analysis of at least three discretionary programs with a total five-year budget of at least $250 million.
- The Department recommends the Commission order all new Xcel spending projects with a five-year budget over $25 million, that were approved for cost recovery since 2021, report five years of actual outcomes compared to forecasted outcomes in the IDP.
- The Department recommends that the Commission create a new filing requirement which states: All new distribution spending projects and programs with an estimated historical or forecasted five-year budget of $25 million or greater shall, at minimum, address the following:
    - A. Estimated cost or range for the project/program;
    - B. Consideration of feasible alternatives to the proposed spending;
    - C. Quantitative estimation of expected outcomes; and
    - D. Sensitivity analysis of cost and outcome assumptions.[8]

In addition, the Department recommends a process for gradually reviewing and revising the planning standards employed by the Company.[9] This would involve considering alternative system planning scenarios, weighing the costs and benefits of different approaches, and implementing modifications to better align the decision-making process with the Commission's overarching IDP objectives.

CUB recognizes that these extensive distribution planning revisions will fundamentally alter the scope of the IDP and require additional work from the Company. At the same time, we view these changes as a necessary outgrowth of the forecasted increase in distribution spend. Without a reasonable venue for considering feasible alternatives, weighing costs and benefits, and challenging planning assumptions, ratepayers could be left paying more than necessary for safe, reliable, and resilient service.

The Company generally opposes these recommendations, suggesting that they "blur the line between regulatory oversight and technical system design, [thereby] expand[ing] the scope of the IDP beyond its intended purpose."[10] On this issue, CUB disagrees with the Company. As detailed above, cost considerations are central to the purpose and function of the IDP and must be weighed simultaneously with engineering and technical criteria. Revising the IDP as proposed by the Department would not conflict with Xcel's "obligation—and privilege—to provide safe and reliable

[8] Department Initial Comments at 120.
[9] *Id*. at 121.
[10] *In the Matter of Xcel Energy's 2025 Integrated Distribution Plan*, Docket No. E-002/M-25-142, Xcel IDP Reply Comments at 4 (Mar. 19, 2026) (hereinafter "Xcel Reply Comments").

service to customers."[11] Instead, it would require that project expenses and alternatives be considered as part of Xcel's planning and investment analyses, so that the reliability and safety of the distribution system can be optimized and maintained in a reasonable, cost-effective manner.

III. Conclusion

Residential customers throughout Xcel's service territory are facing heightened affordability concerns, as evidenced by record disconnection and arrearage figures. Employing reasonable and targeted means to lessen the magnitude of the Company's planned distribution spend is therefore of utmost importance. We respectfully recommend the Commission adopt the Department's strategies for optimizing the distribution system. We appreciate the opportunity to weigh in on this issue.

Sincerely, April 23, 2026

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[11] Xcel Reply Comments at 4.