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April 9, 2014

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: Letter of the Minnesota Department of Commerce, Division of Energy Resources
Docket No. G002/M-13-663

Dear Dr. Haar:

The Minnesota Department of Commerce, Division of Energy Resources (Department) filed its *Supplemental Comments* in this docket on March 4, 2014. In those *Supplemental Comments*, the Department recommended that the Minnesota Public Utilities Commission (Commission) accept Northern States Power Company's, d/b/a Xcel Energy (Xcel or the Company) peak-day analysis, accept the Company's proposed level of demand entitlement, and allow Xcel to recover associated demand costs through the monthly Purchased Gas Adjustment (PGA) effective November 1, 2013, subject to clarification by the Company regarding the calculation of the demand cost impacts contained in Xcel's November 22, 2013 *Supplement*.

In response to the Department's request, on March 11, 2014, the Company filed *Reply Comments* which clarified Xcel's calculation of bill impacts. In its *Reply Comments*, the Company stated that its bill impact calculations were based on seasonal, rather than annual, demand rates; however, these seasonal rates were not included in the November 22, 2013 *Supplement*. As such, it was impossible for the Department to duplicate the rate impacts. Xcel stated that it has provided annual rates in recent demand entitlement filings to provide easier comparison between other utilities.

Xcel included as Schedule B in its March 11, 2014 *Reply Comments* a breakdown of the various rate impact calculations on both seasonal and annual bases. Using the seasonal (winter and summer) breakdown in rates,¹ and the allocation of certain costs to interruptible rate classes, Xcel calculated the following bill impacts:

- An annual bill decrease of \$0.94, or 1.21 percent, for the average Residential customer using 85 Mcf annually;
- An annual bill decrease of \$3.12, or 1.21 percent, for the average Small Commercial Firm customer using 279 Mcf annually;

¹ The exceptions are the Demand Billed rate classes. These customers are not charged seasonal rates; their rates are charged on an annual basis.

- An annual bill decrease of \$15.78, or 1.18 percent, for the average Large Commercial Firm customer using 1,498 Mcf annually;
- An annual bill decrease of \$52.21, or 1.20 percent, for the average Small Commercial Demand Billed customer using 742 Mcf annually;
- An annual bill decrease of \$148.05, or 1.20 percent, for the average Large Commercial Demand Bill customer using 2,103 Mcf annually;
- An annual bill increase of \$492.95 for the average Small Volume Interruptible customer using 7,686 Mcf annually;
- An annual bill increase of \$3,469.55 for the average Medium Volume Interruptible customer using 75,891 Mcf annually; and
- An annual bill increase of \$22,614.90 for the average Large Volume Interruptible customer using 506,423 Mcf annually.

The Department appreciates the Company's clarification of its bill impact calculations and concludes that the bill impacts calculated in Schedule B of its March 11, 2014 *Reply Comments*, and outlined above, represent the bill impacts that would be charged to ratepayers. In an effort to minimize confusion in future demand entitlement filings, the Department recommends that the Company provide clearly marked schedules and bill impact calculations, broken down by season, such that the calculations correspond with the monthly PGA filings.

The Department also appreciates the Company's provision of annual bill impacts to facilitate comparison between utilities. The Department recommends that this information continue to be provided in future demand entitlement filings, but marked as being for illustrative purposes and not representative of actual bill impacts to Xcel ratepayers.

In conclusion, the Department recommends that the Commission accept Xcel's peak-day analysis, accept the Company's proposed level of demand entitlement, and allow Xcel to recover associated demand costs through the monthly PGA effective November 1, 2013, as revised by the Company's November 22, 2013 *Supplement*.

Sincerely,

/s/ ADAM J. HEINEN

Rates Analyst

651-539-1825

AJH/sm

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Letter**

Docket No. G002/M-13-663

Dated this 9th day of April 2014

/s/Sharon Ferguson

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