

STATE OF MINNESOTA  
BEFORE THE PUBLIC UTILITIES COMMISSION

Nancy Lange	Chair
Dan Lipschultz	Commissioner
Matt Schuerger	Commissioner
Katie Sieben	Commissioner
John Tuma	Commissioner

In the Matter of Northern States Power  
Company d/b/a Xcel Energy-Electric Petition  
for Approval of Lighting Tariff Revisions to  
Include Light Emitting Diode (LED) Options

MPUC DOCKET NO. E002/M-18-729

**REPLY COMMENTS OF THE  
SUBURBAN RATE AUTHORITY**

**INTRODUCTION**

In its initial comments, the Department of Commerce invited the Suburban Rate Authority (“SRA”) and City of Minneapolis to respond to Xcel’s filing. The Department sought input regarding the relationship of this LED filing to the A30 tariff LED changeover settlement that was included in the comprehensive Xcel-intervenor multi-year rate case settlement approved in Docket No. 15-826 (“Settlement”).

**SRA COMMENTS**

The SRA appreciates the Department’s thorough review of Xcel LED offerings, costing and pricing of equipment and maintenance. City-owned street lights and automatic protective lighting form a portion of each SRA member city’s lighting inventory. Informally collected data from SRA members reflects that city-owned street lighting is anywhere from 4% to 65% of the total number of street lights in each city. On average for SRA cities, 25-30% of street lighting is city-owned with the balance being Xcel-owned A30s (the subject of the Docket No. 15-826 Settlement). SRA cities generally have very few A07 automatic protective lighting sites.

Xcel and the SRA have discussed these new LED services and filing. SRA cities have high interest in broadened LED lighting options for street and other public lighting. While the

SRA's interest is high in new LED offerings, the SRA retained LLS Resources, Larry Schedin P.E., to review Xcel's pricing in this Docket for reasonable pricing and consistency with the Docket No. 15-920 HPS A30 avoided cost pricing and the Settlement.<sup>1</sup>

After Xcel's filing and before initial comments, LLS Resources identified no anomalies or immediate concerns in Xcel's filing. As a result, the SRA has not objected to Xcel's proposals and, e.g., propose deferral of the LED offerings until the upcoming Xcel rate case where the A30 LED changeover costs and benefits will be closely reviewed. In light of the Department's initial comments, however, the SRA directed LLS Resources to review Department comments and respond to matters of pricing and relation to the Settlement.

The SRA agrees with Xcel that the subject of the Settlement was Xcel's planned A30 changeover to LED lighting as proposed in Docket No. 15-826. The SRA was not made aware at the time of the Settlement of any other LED lighting tariffs that Xcel may propose during the multi-year rate period. Accordingly, in light of SRA city interest in more LED lighting offerings and anticipated rate case evaluation of LED pricing using the A30 changeover, the SRA continues to support Xcel's filing based on LLS Resources conclusions.

Mr. Schedin notes that no LED cost data (from the A30 changeover) has been submitted as part of this filing or formed the basis for the original A30 LED pricing in Docket No. 15-920 on which A30 pricing is based together with non-LED components of street lighting ordered in the Docket 15-826 rate case. In Docket No. 15-920, the SRA accepted Xcel's avoided incremental cost approach applied to the HPS A30 rate for the initial LED A30 design. Xcel's costs for the A30 LED changeover will be provided in the rate case by agreement in the Settlement and is subject to true-up through regulatory asset treatment. Mr. Schedin's only

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<sup>1</sup> The SRA has been in contact with the City of Minneapolis on this docket but files this reply on its own behalf only. The City has informed the SRA that the City will not be filing comments.

qualifications to Xcel proposals in this docket is agreement with and support of the Department's recommendation that Xcel's pre-tax rate of return be 7.00% and Xcel validates proper peak, transmission and distribution demand costs for A07 pricing.<sup>2</sup>

In Xcel's upcoming rate case, the SRA and the City will evaluate actual LED costs and benefits in light of the significant data that Xcel has accumulated in its system-wide A30 LED changeover. In setting rates going forward and true-up review, LLS Resources will examine fully-embedded costs, rather than only incremental avoided costs for LED lighting, to determine over or under collections from LED street lighting customers as contemplated in the Settlement. In sum, subject to adjustments recommended above, the SRA is satisfied with the Xcel pricing proposals in this Docket pending review and rate adjustments from actual LED data and looks forward to further expansion of LED lighting for both public and private Xcel customers.

Respectfully submitted,

Dated: February 1, 2019

KENNEDY & GRAVEN, CHARTERED

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ATTORNEYS FOR THE  
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<sup>2</sup> See Department comments at 10-11.