

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

121 7th Place East, Suite 350

St. Paul, MN 55101-2147

In the Matter of the Application of Northern
States Power Company, dba Xcel Energy, for
Authority to Increase Rates for Electric
Service in the State of Minnesota

PUC Docket No. E002/GR-19-564

XLI INITIAL COMMENT

The following companies – an ad hoc association of large industrial customers of Northern States Power d/b/a Xcel Energy (“Xcel”) known as the Xcel Large Industrials (“XLI”) – consisting of Covia Holdings Corporation; Flint Hills Resources Pine Bend, LLC; Gerdau Ameristeel US Inc.; Marathon Petroleum Corporation; and USG Interiors, Inc. submit this comment in response to the Minnesota Public Utilities Commission’s (the “Commission”) Notice of Comment Period on Completeness and Procedures dated November 6, 2019, regarding Xcel’s Application for Authority to Increase Rates for Electric Utility Service in Minnesota (“Application”).¹

I. INTRODUCTION

XLI submits this comment to address two issues concerning the Application. First, XLI respectfully recommends that this docket be referred to the Office of Administrative Hearings for a contested case.² Second, XLI takes this opportunity to reinforce to the Commission that it will be Xcel’s burden to show that withdrawal of the Application comports with the standards defined in Minn. R. 7829.0430, in the event that Xcel seeks to withdraw the Application in pursuit of an alternative arrangement.³

¹ Notice of Comment Period (Nov. 6, 2019) (eDocket No. 201911-157281-01) (“the Notice”). In addition to feedback regarding the adequacy of the Application, the Notice requests comments on whether the Application should be referred to the Office of Administrative Hearings, and, if so, the scope of the Office of Administrative Hearing’s review.

² XLI takes no position on the completeness of the Application, as it is still reviewing the voluminous documents.

³ *In the Matter of the Petition of Northern States Power Company, d/b/a Xcel Energy for Approval of True-Up Mechanisms*, MPUC Docket No. E002/M-19-688, Petition for Approval of True-Up Mechanisms (Nov. 1, 2019) (the “Stay-Out Petition”).

II. ANALYSIS

A. **The Commission Should Refer the Application to the Office of Administrative Hearings**

XLI believes that the Application should be referred to the Office of Administrative Hearings for contested case proceedings addressing all standard rate case issues (e.g., cost of equity, capital structure, overall revenue requirement, revenue allocation, and rate design). Xcel is requesting an increase of \$201.4 million (6.5%) in 2020, an incremental increase of \$146.4 million (4.8%) in 2021, and an incremental increase of \$118.3 million (3.9%) in 2022 through a multi-year rate plan (“MYRP”).⁴ There are numerous material issues of fact allegedly supporting the Application, which can only be addressed in a contested case setting.

In addition to the standard rate case issues identified above, and during the contested case process, XLI also requests the Commission to direct the parties to develop the record on the appropriate level of interest for any interim-rate refunds due to customers at the time final rates take effect.⁵ In Xcel’s previous MYRP, the settling parties agreed, and the Administrative Law Judge and Commission approved, an interim-rate refund interest rate that was above the prime rate.⁶ Given what will likely be an extended time period for reviewing the Application, XLI respectfully requests this issue be thoroughly reviewed. Members of XLI and other ratepayers often pay substantial increases during the interim-rate period, increases that typically exceed the Commission’s final revenue deficiency determination. The appropriate interest rate for any interim-rate refund is therefore an important consideration that should have record development.

B. **By Rule, Xcel Bears the Burden of Demonstrating Withdrawal Is Appropriate**

As the Commission and parties are aware, concurrent with the Application, Xcel filed the Stay-Out Petition requesting Commission approval of a true-up in exchange for withdrawing the Application and not filing a new general rate case until November 1, 2020. While XLI does not

⁴ Initial Filing – Vol. 1 Notice of Change of Rates and Interim Rate Petition at 2 (Nov. 1, 2019) (eDocket No. 201911-157150-01).

⁵ Minn. Stat. § 216B.16, subd. 3(c) instructs the Commission “to refund the excess amount collected under the interim rate schedule, including interest on it which shall be at the rate of interest determined by the commission” in the event that interim rates are in excess of final rates.

⁶ *See In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Electric Service in the State of Minnesota*, MPUC Docket No. E002/GR-15-826, Findings of Fact, Conclusions, and Order at 29 (June 12, 2017).

commit to a position on Xcel's Stay-Out Petition in this comment, in the event that Xcel seeks Commission approval to withdraw the Application, it must demonstrate that withdrawal of the Application comports with Minn. R. 7829.0430. Minn. R. 7829.0430 does not impose stringent standards if an application for withdrawal is uncontested; however, if any person opposes a withdrawal application, the filing party must demonstrate that the proposed withdrawal: "A. does not contravene the public interest; B. does not prejudice any party; and C. does not concern a filing that raises issues requiring Commission action."⁷

As previously noted, XLI does not take a position on the Stay-Out Petition in this comment. XLI does, however, emphasize the potential procedural complications that may accompany a request to withdraw the Application. Both the Application and Stay-Out Petition request rate increases for ratepayers, and the determination of which docket moves forward may substantially impact ratepayers. Therefore, XLI respectfully requests that – if a party or other stakeholder timely opposes a withdrawal petition from Xcel – the Commission open a notice of comment period to allow stakeholders to fully analyze the implications of Xcel's request.

III. CONCLUSION

XLI appreciates the opportunity to comment on the Application. XLI firmly believes that a contested case proceeding is the appropriate forum to examine the factual assertions within the Application, and XLI looks forward to continuing thoughtful examination of those issues in a contested case setting.

⁷ Minn. R. 7829.0430, subp. 2.

Dated: November 12, 2019

Respectfully submitted,

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