

BEFORE THE MINNESOTA COURT OF ADMINISTRATIVE HEARINGS  
600 North Robert Street  
P.O. Box 64620  
St. Paul, MN 55164-0620

FOR THE MINNESOTA PUBLIC UTILITIES COMMISSION  
121 Seventh Place East, Suite 350  
St. Paul, MN 55101-2147

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

In the Matter of the Application of Xcel  
Energy for Authority to Increase Rates for  
Electric Service in Minnesota

MPUC DOCKET NO. E-002/GR-24-320  
CAH DOCKET NO. 28-2500-40515

**PROPOSED FINDINGS OF FACT AND CONCLUSIONS  
OF THE  
SUBURBAN RATE AUTHORITY**

**February 25, 2026**

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## **I. PROPOSED FINDINGS – Class Revenue Apportionment**

1. Xcel proposes a revenue apportionment methodology that incrementally moves each class toward full cost of service, remaining consistent with the requirements and precedent of the Commission.<sup>1</sup>
2. As amended by Xcel Witness Paluck, Xcel proposes a revenue apportionment methodology that moves customers to full cost of service annually by 19 percent (measured by the difference between the average increase and the required increase to deliver full cost of service); this proposal avoids rate shock for the lighting and other rate classes while balancing the multiple factors considered by the Commission when considering revenue apportionment methodologies.<sup>2</sup>
3. Several parties support all or part of Xcel’s revenue apportionment methodology, reflecting these parties’ broad recognition that gradualism and rate continuity are necessary when transitioning classes toward cost-based rates.<sup>3</sup>

## **II. PROPOSED CONCLUSIONS – Class Revenue Apportionment**

1. Xcel proposes a revenue apportionment methodology that, as amended by Witness Paluck’s surrebuttal testimony, is reasonable because it produces gradual, measurable progress toward cost-based rates while avoiding rate shock and disproportionate rate impacts on individual classes.<sup>4, 5</sup>

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<sup>1</sup> Ex. Company-74, pp. 9-12 (Paluck Direct).

<sup>2</sup> *Id.*; Ex. Xcel-78, p. 2 (Paluck Surrebuttal); see also Ex. Xcel-76, pp. 10-12 (Paluck Direct).

<sup>3</sup> See Xcel 77, p. 3 (Paluck Rebuttal); Ex. WAL-1, pp. 18-19 (Austin Direct) (full support); Ex. DOC-19, pp. 29-30 (Bahn Direct) (partial support); Ex. OAG-8, p. 43 (Scharber Direct) (partial support of the revenue apportionment for the lighting class).

<sup>4</sup> See Ex. Xcel-77, pp. 3-4 (Paluck Rebuttal).

<sup>5</sup> Xcel Brief at 263-266.

### III. PROPOSED FINDINGS – D10S Allocator for Transmission Demand

1. The transmission system is constructed to meet the single highest summer peak demand of the year – not the average of 12 monthly peaks.<sup>6</sup>
2. A transmission demand allocator that is based on a class’s contribution to peak summer demand represents the class’s contribution to annual peak demand, ensuring that transmission cost responsibility is shared fairly across customer classes.<sup>7</sup>
3. The D10S allocator identifies a customer class’s contribution to peak demand during the summer MISO peak, as required by the Commission, and this represents the class’s contribution to annual peak demand.<sup>8</sup>
4. The 12CP allocator relies on an average of 12 monthly coincident peaks, which dilutes the significance of the summer system peak that drives transmission costs, resulting in an allocation that does not represent cost causation.<sup>9</sup>
5. The Commission’s categorization of transmission costs as 30 percent energy-related for allocation purposes already captures the year round usage and benefits of the transmission system, and applying an additional year-round allocator, such as the 12CP allocator, to the remaining 70 percent of demand-related transmission costs would over-allocate costs based on average annual usage considerations and not peak demand which is the cost causing activity.<sup>10</sup>

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<sup>6</sup> See Ex. Xcel-73, p. 25 (Barthol Direct); Ex. Xcel-74, p. 21 (Barthol Rebuttal); Ex. DOC-16, pp. 34-35 (Zajicek Direct), pp. 34-35; Ex. Xcel-63, pp. 13-14 (Ly Rebuttal).

<sup>7</sup> Ex. Xcel-73, p. 25 (Barthol Direct).

<sup>8</sup> Ex. Xcel-73, p. 18 (Barthol Direct); citing In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Electric Service in the State of Minnesota, Docket No. E002/GR-21-630, FINDINGS OF FACT, CONCLUSIONS, AND ORDER, at Order Point 9(e)(ii) (July 17, 2023).

<sup>9</sup> Ex. Xcel-73, p. 21 (Barthol Direct); see also Ex. DOC-16, p. 35 (Zajicek Direct); Ex. XLI-3, p. 19 (Ly Direct).

<sup>10</sup> See Ex. Xcel-73, pp. 23-26 (Barthol Direct).

#### **IV. PROPOSED CONCLUSIONS – D10S Allocator for Transmission Demand**

1. Xcel’s proposal to use the D10S allocator derived from summer peak demand for 70 percent of transmission cost allocation best reflects cost causation.<sup>11</sup>

#### **V. PROPOSED FINDINGS – Vegetation Management Spending**

1. A robust vegetation management program is essential to the reliability and safety of Xcel’s system.<sup>12</sup>
2. Xcel’s proposal to increase its vegetation management budget for 2025 and 2026 is necessary to account for additional tree-trimming miles, increased contractor costs, inflation, and increased vegetation due to heavier rainfall within those years.<sup>13, 14</sup>

#### **VI. PROPOSED CONCLUSIONS – Vegetation Management Spending**

1. Xcel’s proposal to increase its vegetation management budget in 2025 and 2026 is reasonable and necessary to ensure system reliability and safety.<sup>15</sup>

#### **VII. PROPOSED FINDINGS – Rate A30 Rate Shock Mitigation**

1. Xcel’s rate filings in this case achieve more transparent and cost-based streetlighting rates, consistent with the intent of the Joint Stipulation in the prior case.<sup>16</sup>
2. A cost-based adjustment to the underground premium for rate A30 is necessary to better align the rates for underground fed streetlighting to actual costs and to help ease the magnitude of the proposed rate increase for low wattage overhead Light Emitting Diode

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<sup>11</sup> *Id.*, p. 25; Ex. Xcel-74, p. 21, (Barthol Rebuttal).

<sup>12</sup> Ex. Xcel-34, pp. 150-151 (Mensen Direct).

<sup>13</sup> *Id.*, pp. 153-154 (Mensen Direct).

<sup>14</sup> Ex. Xcel-35 pp. 44-47 (Mensen Rebuttal).

<sup>15</sup> Ex. Xcel-34, pp. 150-151 (Mensen Direct).

<sup>16</sup> Ex. Xcel-76, p. 25 (Paluck Direct); Ex. SRA -1, p. 5 (Bride Direct); Ex. SRA -2, pp. 3-4 (Bride Surrebuttal).

(LED) fixtures on rate A30 that would result if Xcel's rate design were adopted as proposed.<sup>17</sup>

3. Xcel's proposed 2025 and 2026 rate increase for low wattage overhead LED fixtures on rate A30 is sufficiently high to constitute a rate shock,<sup>18</sup> and results in a materially higher dollar increase for A30 overhead fed LED customers compared to A30 underground LED customers.<sup>19</sup>
4. SRA Witness James Bride demonstrates in his testimony that setting the underground premium at 55 percent of Xcel's calculated value, instead of the 50 percent proposed by Company, will partially ameliorate the rate shock for overhead low wattage LED A30 customers.<sup>20</sup> This rate shock will also be reduced by Xcel's proposed downward revisions to its overall total revenue requirement of \$125.4M that it has proposed due to the passage of time and the development of the record in this proceeding.<sup>21</sup>

#### **VIII. PROPOSED CONCLUSIONS – Rate A30 Rate Shock Mitigation**

1. Adoption of the revised underground premium of 55 percent of Xcel calculated value is necessary to address rate shock for overhead low wattage LED A30 customers as well as the reductions in the revenue requirement proposed by Xcel in its Brief that have arisen over the course of the proceeding.<sup>22, 23</sup>

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<sup>17</sup> Ex. SRA-5, pp. 4-8 (Bride Surrebuttal – NOT PUBLIC).

<sup>18</sup> *Id.*, pp. 5-6.

<sup>19</sup> Ex. SRA-1, Table 1 (Bride Direct).

<sup>20</sup> Ex. SRA-5, pp. 6-8 (Bride Surrebuttal – NOT PUBLIC).

<sup>21</sup> Xcel Initial Brief, pp. 10-12 (Errata filed 1/29/2026).

<sup>22</sup> Ex. SRA-5, pp. 6-8 (Bride Surrebuttal – NOT PUBLIC).

<sup>23</sup> Xcel Initial Brief, pp. 10-12 (Errata filed 1/29/2026).

Respectfully submitted,

Dated: February 25, 2026

KENNEDY & GRAVEN, CHARTERED

By: /s/ Joseph L. Sathe  
Joseph L. Sathe (#0401073)  
150 South Fifth Street, Suite 700  
Minneapolis, MN 55402  
(612) 337-9300  
jsathe@kennedy-graven.com

ATTORNEY FOR THE  
SUBURBAN RATE AUTHORITY

and

Dated: February 25, 2026

ENERGY TARIFF EXPERTS, LLC

By: /s/ James Bride  
James Bride, Its President