

June 5, 2025

Will Seuffert
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: Comments of the Minnesota Department of Commerce
Docket No. E002, E256/ SA-25-192

Dear Mr. Seuffert:

Attached are the comments of the Minnesota Department of Commerce (Department) in the following matter:

*THE REQUEST FOR TARIFF EXCEPTION – CITY OF KASOTA SERVICE AREA
TRANSFER.*

The Petition was filed by Northern States Power Company, dba Xcel Energy, on April 8, 2025.

The Department recommends the Minnesota Public Utilities Commission (Commission) approve this request and is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ Dr. SYDNIE LIEB
Assistant Commissioner of Regulatory Analysis

MB
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce

Docket No. E002, E256/ SA-25-192

I. INTRODUCTION

On April 8, 2025, Xcel Energy (Xcel) submitted a petition (Petition)¹ to the Minnesota Public Utilities Commission requesting approval of a one-time exception to the contribution-in-aid-of-construction (CIAC) provisions of their general extension tariff. The City of Kasota's (the City) municipal utility currently serves seven residential customers in Xcel's service area under an exception agreement from the 1970s. Due to capacity concerns, the City has requested Xcel take over service obligations for these customers.

Xcel indicates in its Petition that due to the unique facts and because the customers are not requesting the change, the required upgrades for the customers to be connected to Xcel's energy grid should not be the customers' responsibility. Xcel is proposing to waive \$61,000 of CIAC associated with the transfer. In addition, Xcel is proposing to upgrade customer meter sockets at an estimated cost of \$10,000. In total Xcel is requesting the one-time waiver for a total of \$71,000 of CIAC and meter socket-related costs for these customers.

II. PROCEDURAL BACKGROUND

April 8, 2025	Xcel filed a petition requesting a one-time exemption to the contribution-in-aid-of-construction provisions of their general tariff.
May 6, 2025	The Public Utilities Commission (Commission) issued a notice of comment period for the petition.

¹ Petition (eDocket) [20254-217349-01](#)

Topic(s) open for comment:

- Should the Commission approve a one-time exception to the CIAC provisions in Xcel's Minnesota Electric Rate Book to cover the required service and meter socket upgrades to allow for service to be transferred back to Xcel?
- Are there other issues or concerns related to this matter?

III. DEPARTMENT ANALYSIS

A. SERVICE AREA CHECKLIST

The Department notes the Commission requires certain information be provided for service area transfers. The Department concludes that the Petition meets the Commission's requirements regarding service area transfers consistent with Minn. Stat. 216B.39, as indicated on the attached checklist and appears to be mostly complete.² However, the Department notes that the Company did not provide a legal description of the properties.³ The Department recommends the Company provide this information in reply comments.

B. SHOULD THE COMMISSION APPROVE A ONE-TIME EXCEPTION TO THE CIAC PROVISIONS IN XCEL'S MINNESOTA ELECTRIC RATE BOOK TO COVER THE REQUIRED SERVICE AND METER SOCKET UPGRADES TO ALLOW FOR SERVICE TO BE TRANSFERRED BACK TO XCEL?

1. Xcel's Proposal for System Upgrades

Xcel is responding to a request by the City to provide service for seven residential customers that the City is currently serving under an exception from the 1970s. Xcel has reviewed the equipment installed at the customer's locations and the City's equipment and found them to be incompatible with Xcel's system. Xcel also notes concerns with the age, condition, and safety specifications of the City's facilities.

Xcel proposes a two-phase process to upgrade equipment to connect the customers. Phase 1 will involve connecting facilities to the mainline and replacing transformers to operate on the system voltage. Repairs and upgrades to customer meter sockets will be performed and new Xcel meters will be installed. Phase 2 will be the upgrade and replacement of any infrastructure the Xcel foreman

² Department Attachment A to these comments.

⁴ Petition pg. 3 and 4 (eDocket) [20254-217349-01](#)

identified as a concern during Phase 1. Examples given include replacing poles, underground primary and secondary wires, and installing new assets according to current engineering and design standards.⁴

2. Xcel's Tariff Requirements and Financial Evaluation

Xcel's Tariff requires customers to cover costs related to service extension above the product of the three and one half (3.5) times the anticipated annual revenue, excluding the portion of the revenue representing fuel cost recovery from the sale of additional service to result there from is such as to justify the expenditure.⁵ Xcel calculated the revenues and costs of serving the new residential customers and provided the following table.⁶

	Table 1 Facility Rebuild Cost Estimate	
	Cost Justification	Amount
a	Annual Revenue From Impacted Customers (\$8,535 x 3.5)	\$ 29,900
b	Estimated Cost to Rebuild Facilities	\$ 89,800
c	Shortfall [b - a]	\$ 59,900
d	Total Additional Services Extension Required for 6 Residential Customers (6 customers @ 25' of excess footage)	\$ 1,200
e	Total Amount of Requested Facilities CIAC Waiver [c + d]	\$ 61,100

Based on the calculations performed by Xcel there is a \$61,000 deficiency that would be the customer's responsibility to have service extend to them under Xcel's tariff requirements.

Xcel would also like to upgrade the customer's meter sockets for an estimated cost of \$10,000. Section 4.11 of the Xcel Energy Standards states meter sockets are customers-owned equipment and therefore responsible for any repair or maintenance costs. As part of this request Xcel would like to have the \$10,000 included in the one-time exemption to provide service to these customers. In total Xcel is requesting the one-time waiver for a total of \$71,000 of CIAC and meter socket-related costs for these customers.

⁴ Petition pg. 3 and 4 (eDocket) [20254-217349-01](#)

⁵ Petition pg. 4 (eDocket) [20254-217349-01](#)

⁶ Petition pg. 5 (eDocket) [20254-217349-01](#)

3. Waiving the Costs Under Minn. R. 7829.3200

Based on their assessment Xcel will need to update and replace customer facilities to provide safe and reliable service to the seven new residential customers. The situation is unique where the customers are not the ones requesting the service provider transfer and have not been responsible for the upkeep of the existing equipment in the past.⁷

Xcel states they applied Minn. R. 7829.3200 when guiding their request for variance. Minn. R. 7829.3200, subp. 1 allows variances from rules when:

- A. enforcement would impose an excessive burden upon the applicant or others affected by [it];
- B. granting the variance would not adversely affect the public interest; and
- C. granting the variance would not conflict with standards imposed by law.

According to Xcel, waiving the costs does not adversely affect the public interest.⁸ In addition, Xcel stated that granting the variance would not conflict with standards imposed by law (except for the provisions of the tariff which the Petition seeks exceptions).⁹ Based on the situation presented in the Petition, Xcel feels the criteria for a one-time rule variance is met.

The Department reviewed Xcel's proposal, calculations and application of Minn. R. 7829.3200, subp. 1 and agrees that granting the variance would not affect the public interest, nor would it conflict with other standards imposed by law. In addition, the Department notes that requiring these seven residential customers to pay \$71,000 in costs or approximately \$10,100 each to continue electric service would impose an excessive burden. As a result, the Department concludes Xcel's request for a variance complies with the requirements under Minnesota Rule 7829.3200 and recommends the Commission allow the one-time waiver of CAIC and costs related to meter socket upgrades totaling \$71,000.

C. *ARE THERE OTHER ISSUES OR CONCERNS RELATED TO THIS MATTER?*

The Department is not aware of any other issues or concerns at this time.

⁷ Petition at 6.

⁸ Petition at

⁹ Petition at 7.

IV. DEPARTMENT RECOMMENDATIONS

Subject to Xcel providing the required information under the service area transfer checklist in reply comments, the Department recommends the Commission approve Xcel's request for a one-time exemption to the CAIC provisions of their tariff and additional costs to install new meter sockets.

Attachments



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CHECKLIST FOR PROCESSING AGREED UPON SERVICE AREA TRANSFERS AND EXCEPTIONS

- ☒ A cover letter with the submitter's full contact information, including where to provide electronic service.
- ☒ A joint letter explaining the change.
 - ☒ Contact information for both utilities: Name, title, phone number, work address, email.
 - ☒ Contact information, of the individual who will update the electronic service territory map.
 - ☐ Legal description of the property.
 - ☒ Short explanation of why the agreement is consistent with Minn. Stat. § 216B.39.

Filing is related to:

- ☒ Several permanent boundary changes, or
- ☐ Service by exception. The parties agree the limited right to serve by exception does not convey permanent rights to serve the exception area.
- ☐ Settlement Agreement, if applicable.
 - ☐ If yes, signed by authorized representatives of both utilities.
- ☒ A digital (PDF) map with the proposed transfer or exception clearly outlined.
- ☐ Transfer or exception takes place on one of the Federally Recognized Tribal Nations in Minnesota.
 - ☐ If yes, utility documented consultation with the affected Tribal Nation at page ____.
- ☒ Affected customers received written notice, including utility and Commission contact information. Table with type and number of customers affected and notice date(s).