

June 7, 2018

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: Comments of the Minnesota Department of Commerce, Division of Energy Resources
Docket No. G002/M-18-246

Dear Mr. Wolf:

On March 30, 2018, Northern States Power Company, doing business as Xcel Energy (Xcel or the Company), submitted a filing in the present docket entitled *In the Matter of the Petition of Northern States Power Company for Approval of 2018-2019 Natural Gas Conservation Improvement Program Adjustment Factor (Petition)*. On May 10, 2018 the Minnesota Department of Commerce, Division of Energy Resources (Department) submitted comments noting an error in the Company's forecasted sales for calculating its 2018/2019 Conservation Improvement Program (CIP) Adjustment Factor and requesting that Xcel provide a calculation for minimizing the carrying charges from the correctly calculated CIP Adjustment Factor.

On May 21, 2018 the Company submitted reply comments calculating a revised CIP Adjustment Factor of \$0.014845 per therm after adjusting to minimize carrying charges. The Department noted that, in calculating this revised factor, the Company's forecasted beginning tracker balance in October 2018 and forecasted CIP Adjustment Factor Recovery did not match those the Department relied upon in our initial comments. Upon investigation it appears that Xcel did not properly account for the change in forecasted sales (to exclude sales to the Interdepartmental Transport class) when the Company responded to the Department's Information Request No. 2, and that the values presented in Xcel's reply comments are correct.

The Department confirmed the Company's calculation of its CIP Adjustment Rate and thus the Department recommends that the Commission:

- 1) approve Xcel's proposed 2017 gas DSM financial incentive of \$3,753,592 and allow Xcel to include the incentive in the Company's gas CIP tracker account no sooner than the issue date of the Commission's *Order* in the present docket;
- 2) approve Xcel's 2017 gas CIP tracker account activity, as provided in the Company's *Petition* and summarized in Table 1 of the Department's initial comments, resulting in a December 31, 2017 tracker balance of (\$920,899);

- 3) approve Xcel's proposed bill message language; and
- 4) allow Xcel to implement its proposed gas CIP Adjustment Factor of \$0.014845 per therm beginning October 1, 2018, conditional on the Company submitting, within 10 days of the issue date of the *Order* in the present docket, a compliance filing with tariff sheets and necessary calculations that comply with the Commission's determinations in this matter.

Sincerely,

/s/ MICHAEL N. ZAJICEK
Rates Analyst

MNZ/ja