

The Commission met on **Thursday, December 9, 2021**, with Chair Sullivan and Commissioners Means, Schuerger, Sieben, and Tuma present.

The following matters were taken up by the Commission:

G-002/M-21-750

In the Matter of the Petition by Northern States Power Company, dba Xcel Energy, for Approval of Deferrals Related to Depreciation, O&M, and Property Tax for 2022

Commissioner Means moved that the Commission:

1. Deny Xcel Energy's Petition to defer 2022 depreciation expense, distribution operations and maintenance expense, and property tax expense.

The motion passed 5-0.

G-002/GR-21-678

In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy's Petition for Authority to Increase Natural Gas Rates in Minnesota

Commissioner Schuerger moved that the Commission:

1. Accept the filing as being in proper form and substantially complete as of November 1, 2021.
2. Find the Commission has insufficient time to make a final determination within a ten-month period because of the need to make final determinations in other pending cases involving changes in general rates and find that the rates in this case should be suspended for an additional 90 days plus an additional four and a half months, until April 14, 2023.
3. Request the Administrative Law Judge's report on or before January 23, 2023, and, if the deadline for the Commission's decision is extended beyond ten months plus 90 days plus the additional four and a half months at any point during this proceeding for any reason (e.g., settlement discussions, waiver, etc.), request the Administrative Law Judge's report at least three months before the extended deadline for the Commission's decision.
4. Identify the following issues requiring development of a complete record in this case:

- A. The standard rate case issues.
- B. Determine whether the base cost of gas proposed in Docket No. G-002/MR-21-679 needs to be updated.
- C. Examine the prudence of all costs related to the Wescott, Sibley, and Maplewood facilities.
- D. Develop a full record that includes reasons for any significant changes of since the last rate case, including but not limited to, the following:
 - (1) Production Expense – 31.5% increase.
 - (2) Transmission Expense – 91.8% increase.
 - (3) Distribution Expense – 62.5% increase.
 - (4) Customer Accounting Expense – 4.2% decrease.
 - (5) Customer Service Expense – 254.2% increase.
 - (6) Administrative & General Expense – 35.4% increase.
- 5. Authorize Xcel Energy to implement interim rates for service rendered on and after December 31, 2021 (60 days after Xcel Energy’s November 1, 2021, filing date).
- 6. Authorize Xcel Energy to waive its right under the interim rate statute to put interim rates into effect on December 31, 2021, and authorize Xcel Energy to actually implement interim rates for service rendered on and after January 1, 2022.
- 7. Approve an annual interim rate revenue deficiency of \$24.9 million, or 4.9%.
- 8. Approve Xcel Energy’s proposed interim cost of capital for setting interim rates.
- 9. Approve Xcel Energy’s request to collect the \$24.9 million interim rate increase as a uniform 13.96% increase to the base rate portion of customers’ bills.
- 10. Approve Xcel Energy’s request to assess but forgo collection of the interim rate increase from its negotiated transportation service customers, and to not seek recovery of the difference from its other customers and determine that this does not require a finding of exigent circumstances.

11. In the Notice of and Order for Hearing, require the following:

- A. The order will be served on Xcel Energy, which shall mail copies of the order to all municipalities, counties, and local governing bodies in its Minnesota service area.
- B. Public Hearings shall be held in this matter at locations within the service area of Xcel Energy.
- C. Xcel Energy shall give the following notices of the evidentiary and public hearings:
 - (1) Individual written notice to each customer, which may be in the form of a bill insert and shall be served at least ten days before the first day of hearings.
 - (2) Written notice to the governing bodies of all municipalities, counties, and local governing bodies in the area affected and to all parties in the Company's last two rate cases. These notices shall be mailed at least ten days before the first day of hearings.
 - (3) Display advertisements in legal newspapers of affected counties and other newspapers of general circulation within Xcel Energy's Minnesota service area. These advertisements shall appear at least ten days before the first day of hearings. They shall include the heading **RATE INCREASE NOTICE**, which shall appear in bold face type no smaller than 30 points.
 - (4) Xcel Energy shall submit proposed notices for Commission approval prior to publication or service.

12. In the Order Setting Interim Rate require the following:

- A. Order Xcel Energy to file with the Commission and the Department of Commerce, Division of Energy Resources, interim rate tariff sheets and supporting documentation reflecting the decisions herein. Xcel Energy's filing should also include the notice to customers, approved by the Executive Secretary, regarding the rate change under the interim rate schedule.
- B. Order Xcel Energy to keep such records of sales and collections under interim rates as would be necessary to compute a potential refund. Any refund should be made within 120 days of the effective date of the Commission's final order in a manner approved by the Commission.
- C. Order Xcel Energy to include with each customer's first bill under the interim rate schedule a notice of the rate change, approved by the Executive Secretary. Upon completion of this task, Xcel Energy shall certify this fact to the Commission.

D. Require Xcel Energy to maintain records of Conservation Improvement Program (CIP) costs and collection through the interim period so that it can be ascertained that recoveries dedicated to CIP are properly recorded as CIP.

13. Delegate authority to approve notices, bill inserts, and bill format to the Commission's Executive Secretary for the duration of this proceeding.

14. Accept Xcel Energy's offer to extend the amortization period for extraordinary gas costs in *In the Matter of the Petition of Northern States Power Company d/b/a Xcel Energy to Recover February 2021 Natural Gas Costs*, Docket No. G-002/M-21-610, to 63 months beginning on January 1, 2022, for residential customer classes and by December 15, 2021, require Xcel Energy to file a compliance filing with the new schedule for affected classes.

The motion passed 5-0.

G-002/MR-21-679

In the Matter of a Petition by Northern States Power Company for Approval of a New Base Cost of Gas

Commissioner Tuma moved that the Commission:

1. Approve Xcel Energy's Base Cost of Gas as filed. [Xcel Energy, Department]
2. Require Xcel Energy to provide updated information on the commodity cost of gas during this proceeding and in the general rate case. Direct the Company to work with the Department and Commission Staff to determine the appropriate timing for providing this information and whether this updated information should be applied to Xcel Energy's base cost of gas. Require the updates be filed in both this docket and in the general rate case, *In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy's Petition for Authority to Increase Natural Gas Rates in Minnesota*, Docket No. G-002/GR-21-678.

The motion passed 5-0.

E-002/GR-21-630

In the Matter of the Application of Northern States Power Company d/b/a Xcel Energy for Authority to Increase Rates for Electric Service in the State of Minnesota

Chair Sullivan moved that the Commission:

1. Accept this filing as being in proper form and substantially complete as of October 25, 2021.
2. Find that the Commission has insufficient time to make a final determination within the ten-month period because of the need to make final determinations in other pending cases involving changes in general rates and because of Xcel Energy's proposal for a multi-year rate plan and find that the rates in this case should be suspended for an additional 180 days, pursuant to Minn. Stat. § 216B.16, subds. 2(a), 2(f), and 19(d), plus the additional time Xcel Energy agreed to, or until May 30, 2023.
3. Request the Administrative Law Judge's report on or before March 1, 2023, and, if the deadline is subsequently extended for any reason (e.g., settlement discussions, waiver, etc.), request the Administrative Law Judge's report at least three months before the extended deadline for the Commission's decision.
4. Identify the following issues requiring development of a complete record in this case:
 - A. The standard rate case issues.
 - B. Request parties to thoroughly review and develop a full record on the following:
 - (1) Review of issues from past Commission Orders.
 - (2) Reasons for any significant changes since the last rate case, including but not limited to, the \$31.4 million increase in power production costs, the \$24.5 million increase in transmission costs, the \$17.8 million increase in distribution costs, the \$26.2 million increase in customer service and information, and the \$41.7 million increase in administrative and general.
 - (3) Determine what interest rate should be applied to any prospective interim rate refunds.
 - (4) Determine how proposed rates align with the State's energy policy goals including those articulated in Minn. Stat. § 216C.05.
 - (5). Develop a full record that ensures that decisions made in *In the Matter of Xcel Energy's Petition for Approval of a Workforce Training and Development Program Pilot*, Docket No. E-002/21-558 are properly reflected in the 2022 Test Year.

- (6) Any other issue as identified by the Commission.
5. Authorize Xcel Energy to implement interim rates for service rendered on and after December 24, 2021 (60 days after Xcel Energy's October 25, 2021, filing date).
 6. Authorize Xcel Energy to waive its right under the interim rate statute to put interim rates into effect on December 24, 2021, and authorize Xcel Energy to actually implement interim rates for service rendered on and after January 1, 2022.
 7. Deny n incremental annual interim rate revenue deficiency of \$135.1 million for 2023 and allow Xcel Energy to resubmit its request, with updated financial information, at least 90 days before the proposed effective date of any increase above the initially approved interim rates.
 8. For 2022, establish interim rates as proposed by Xcel Energy, but find that exigent circumstances exist and limit the interim rate increase for residential customers to \$79.85 million and reduce the interim rate revenue deficiency accordingly and order Xcel Energy to file revised financial schedules and calculations (interim rate base, income statement, cost of capital, and revenue summary) and class revenue schedules reflecting the Commission's modifications within five calendar days of this meeting.
 9. Approve Xcel Energy's request to collect the interim rate increase as a uniform percentage interim rate adjustment to the base rate portion of customer bills, except the residential class should reflect a percentage of the \$79.85 million increase and require Xcel Energy to display the interim rate increase on customers' bills using a single, line-item interim rate adjustment.
 10. Approve Xcel Energy's proposed interim cost of capital for setting interim rates.
 11. In the Notice of and Order for Hearing, require the following:
 - A. The Order will be served on Xcel Energy, which shall mail copies of the order to all municipalities, counties, and local governing bodies in its Minnesota service area.
 - B. Public Hearings shall be held in this matter at locations within the service area of Xcel Energy.
 - C. Xcel Energy shall give the following notices of the evidentiary and public hearings:

- (1) Individual written notice to each customer, which may be in the form of a bill insert and shall be served at least ten days before the first day of hearings.
 - (2) Written notice to the governing bodies of all municipalities, counties, and local governing bodies in the area affected and to all parties in Xcel Energy's last two rate cases. These notices shall be mailed at least ten days before the first day of hearings.
 - (3) Display advertisements in legal newspapers of affected counties and other newspapers of general circulation within Xcel Energy's Minnesota service area. These advertisements shall appear at least ten days before the first day of hearings. They shall include the heading **RATE INCREASE NOTICE**, which shall appear in bold face type no smaller than 30 points.
 - (4) Xcel Energy shall submit proposed notices for Commission approval prior to publication or service.
12. Order Xcel Energy to file with the Commission and the Department of Commerce, Division of Energy Resources, interim rate tariff sheets and supporting documentation reflecting the decisions herein. Xcel Energy's filing should also include the notice to customers, approved by the Executive Secretary, regarding the rate change under the interim rate schedule.
 13. Order Xcel Energy to keep such records of sales and collections under interim rates as would be necessary to compute a potential refund. Any refund should be made within 120 days of the effective date of the Commission's final order in a manner approved by the Commission.
 14. Order Xcel Energy to include with each customer's first bill under the interim rate schedule a notice of the rate change, approved by the Executive Secretary. Upon completion of this task, Xcel Energy shall certify this fact to the Commission.
 15. Require Xcel Energy to maintain records of Conservation Improvement Program (CIP) costs and collection through the interim period so that it can be ascertained that recoveries dedicated to CIP are properly recorded as CIP.
 16. Delegate authority to approve notices, bill inserts, and bill format to the Commission's Executive Secretary for the duration of this proceeding.

17. Require Xcel Energy to file supplemental testimony within 60 days of the order in this proceeding to address the 2025 and 2026 financials, including support for adjustments, similar to the Charles Burdick direct testimony in Xcel Energy's rate case in *In the Matter of the Application of Northern States Power Company, d/b/a Xcel Energy for Authority to Increase Rates for Electric Service in the State of Minnesota*, Docket No. E-002/GR-15-826.

The motion passed 5-0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: January 19, 2022

A handwritten signature in black ink, appearing to read "Will Seuffert", with a long horizontal flourish extending to the right.

Will Seuffert, Executive Secretary