



414 Nicollet Mall  
Minneapolis, MN 55401

July 9, 2020

—Via Electronic Filing—

Will Seuffert  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101

RE: REPLY COMMENTS  
INCENTIVE COMPENSATION PLAN  
DOCKET NOS. E002/GR-92-1185, G002/GR-92-1186, AND  
E,G002/M-20-516

Dear Mr. Seuffert:

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission these Reply Comments in response to the June 25, 2020 Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the above-referenced dockets.

We thank the Department for its recommendation that the Commission approve the Annual Report of our Incentive Compensation Plan for 2019 as compliant with past Commission Orders. The Department agreed with the Company's proposal to refund \$2,166,660 to electric customers and \$119,509 to natural gas customers as a result of the overcollection of incentive compensation amounts eligible for recovery in 2019. In its Comments, the Department also recommended that the Company be required to apply interest to the refunds at the prime rate. The Company agrees to apply interest at the prime rate to these refunds, with accrual beginning on June 1, 2020, the date we filed the report in these dockets. Attachment A to these Reply Comments shows the calculation of the interest for both electric and natural gas customer refunds.

As discussed in our initial report, the Company has now filed a refund plan proposing to combine the Property Tax refund with the Incentive Compensation

refund in a one-time bill credit to electric customers.<sup>1</sup> We will include the updated Incentive Compensation refund calculations with our Reply Comments in the combined customer refund plan proposal proceeding. As discussed in the July 1 Report, if approved, we will file a compliance report summarizing the results of the combined customer refund within 30 days of completing the refund process. We will similarly file a compliance report within 30 days of completing the separate Incentive Compensation refund to natural gas customers.

We have electronically filed this document with the Commission, and copies have been served on the parties on the attached service list. Please contact me at [amy.a.liberkowski@xcelenergy.com](mailto:amy.a.liberkowski@xcelenergy.com) or (612) 330-6613 or Martha Hoschmiller at [martha.e.hoschmiller@xcelenergy.com](mailto:martha.e.hoschmiller@xcelenergy.com) or (612) 330-5973 if you have any questions regarding this filing.

Sincerely,

/s/

AMY LIBERKOWSKI  
DIRECTOR, REGULATORY PRICING & ANALYSIS

Enclosures  
c: Service List

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<sup>1</sup> 2019 Property Tax True-Up Report; July 1, 2020; Docket Nos. E002/GR-15-826, E002/GR-92-1185, E002/GR-92-1186, and E,G002/M-20-516.

<b>2019 MN Electric AIP Refund</b>	\$2,166,660
<b><u>Interest on 2019 MN Electric AIP Refund</u></b> <sup>2</sup>	<u>\$38,682</u>
<b>2019 MN Electric AIP Refund with Interest</b>	\$2,205,342

	[1]	[2] = [1]%	[3] = Refund X [2]	[4]	[5] = [3] / [4]
	<b>2019</b>	<b>Revenue</b>	<b>AIP</b>	<b>Estimated</b>	<b>Estimated</b>
<b>Customer Class</b>	<b>Ordered</b>	<b>Refund</b>	<b>Refund</b>	<b>Average Customers</b>	<b>Average Refund</b>
	<b><u>Revenue (\$000)</u></b> <sup>1</sup>	<b><u>Allocator</u></b>	<b><u>Allocation</u></b>	<b><u>Jan 2019 - Dec 2019</u></b>	<b><u>per Customer</u></b>
Residential	\$1,175,496	36.736%	\$810,153	1,163,537	\$0.70
Commercial Non Demand	\$112,357	3.511%	\$77,437	86,624	\$0.89
C&I Demand	\$1,883,324	58.857%	\$1,297,989	48,768	\$26.62
<u>Lighting</u>	<u>\$28,676</u>	<u>0.896%</u>	<u>\$19,764</u>	<u>27,504</u>	<u>\$0.72</u>
Total	\$3,199,853	100.000%	\$2,205,342	1,326,434	

<sup>1</sup> Final Ordered Revenues Docket No. E002/GR-15-826

<sup>2</sup> See Attachment A page 2; Interest will be included through the date the refund is posted

**Interest Calculation**

<b>Revenue Month</b>	<b>Beginning Balance</b>	<b>Curr Mo Int Rev Refund</b>	<b>Ending Balance</b>	<b>Average Balance</b>	<b>Days</b>	<b>Annual Interest<sup>1</sup></b>	<b>Monthly Interest</b>
Jun-20	\$0	\$2,166,660	\$2,166,660	\$1,083,330	30	3.25%	\$2,894
Jul-20	\$2,169,554	\$0	\$2,169,554	\$2,169,554	31	3.25%	\$5,989
Aug-20	\$2,175,542	\$0	\$2,175,542	\$2,175,542	31	3.25%	\$6,005
Sep-20	\$2,181,547	\$0	\$2,181,547	\$2,181,547	30	3.25%	\$5,827
Oct-20	\$2,187,375	\$0	\$2,187,375	\$2,187,375	31	3.25%	\$6,038
Nov-20	\$2,193,413	\$0	\$2,193,413	\$2,193,413	30	3.25%	\$5,859
Dec-20	\$2,199,272	\$0	\$2,199,272	\$2,199,272	31	3.25%	<u>\$6,071</u>
Total Interest							\$38,682

<sup>1</sup> Prime Interest Rate as of March 16, 2020; Interest will be included through the date the refund is posted

<b>Total MN Gas AIP Refund</b>	\$119,509
<b><u>Interest on 2019 MN Gas AIP Refund</u></b> <sup>2</sup>	<u>\$4,102</u>
<b>2019 MN Gas AIP Refund with Interest</b>	\$123,611

	[1]	[2] = [1]%	[3] = Refund X [2]	[4]	[5] = [3] / [4]
	2010	Revenue	AIP	Estimated	Estimated
	Ordered	Refund	Refund	Average Customers	Average Refund
<u>Customer Class</u>	<u>Revenue (\$000)</u> <sup>1</sup>	<u>Allocator</u>	<u>Allocation</u>	<u>Jan 2019 - Dec 2019</u>	<u>per Customer</u>
Residential	\$108,021,110	67.224%	\$83,097	429,510	\$0.19
Commercial & Industrial	\$37,537,749	23.361%	\$28,876	35,379	\$0.82
Interruptible	\$9,082,228	5.652%	\$6,987	348	\$20.07
<u>Transport</u>	<u>\$6,046,375</u>	<u>3.763%</u>	<u>\$4,651</u>	<u>27</u>	\$173.34
Total	\$160,687,462	100.000%	\$123,611	465,264	

<sup>1</sup> Commission ordered non-gas revenue in Docket No. G002/GR-09-1153

<sup>2</sup> See Attachment A page 4; Interest will be included through the date the refund is posted

Northern States Power Company  
 State of Minnesota  
**Minnesota Gas AIP Refund - 2019**

Docket Nos. E002/GR-92-1185  
 G002/GR-92-1186  
 E,G002/M-20-516  
 Reply Comments - Attachment A  
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**Interest Calculation**

<b>Revenue</b>	<b>Beginning</b>	<b>Curr Mo Int</b>	<b>Ending</b>	<b>Average</b>		<b>Annual</b>	<b>Monthly</b>
<b><u>Month</u></b>	<b><u>Balance</u></b>	<b><u>Rev Refund</u></b>	<b><u>Balance</u></b>	<b><u>Balance</u></b>	<b><u>Days</u></b>	<b><u>Interest</u><sup>1</sup></b>	<b><u>Interest</u></b>
Jun-20	\$0	\$119,509	\$119,509	\$59,755	30	3.25%	\$160
Jul-20	\$119,669	\$0	\$119,669	\$119,669	31	3.25%	\$330
Aug-20	\$119,999	\$0	\$119,999	\$119,999	31	3.25%	\$331
Sep-20	\$120,330	\$0	\$120,330	\$120,330	30	3.25%	\$321
Oct-20	\$120,652	\$0	\$120,652	\$120,652	31	3.25%	\$333
Nov-20	\$120,985	\$0	\$120,985	\$120,985	30	3.25%	\$323
Dec-20	\$121,308	\$0	\$121,308	\$121,308	31	3.25%	\$335
Jan-21	\$121,643	\$0	\$121,643	\$121,643	31	3.25%	\$335
Feb-21	\$121,977	\$0	\$121,977	\$121,977	28	3.25%	\$303
Mar-21	\$122,281	\$0	\$122,281	\$122,281	31	3.25%	\$337
Apr-21	\$122,617	\$0	\$122,617	\$122,617	30	3.25%	\$327
May-21	\$122,944	\$0	\$122,944	\$122,944	31	3.25%	\$338
Jun-21	\$123,282	\$0	\$123,282	\$123,282	30	3.25%	<u>\$328</u>
Total Interest							\$4,102

<sup>1</sup> Prime Interest Rate as of March 16, 2020; Interest will be included through the date the refund is posted