

May 7, 2020

Will Seuffert
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. E002/M-20-402

Dear Mr. Seuffert:

Attached are the *Comments* of the Minnesota Department of Commerce, Division of Energy Resources (Department), in the following matter:

A *Petition* submitted by Northern States Power Company, doing business as Xcel Energy (Xcel or the Company), requesting approval of the following:

- a proposed 2019 electric Shared Savings Demand Side Management (DSM) financial incentive;
- the conservation cost recovery contained in its Conservation Improvement Program (CIP) Tracker Account for its electric CIP; and
- a proposed 2020/2021 electric CIP Adjustment Factor (CAF).

The *Petition* was filed on April 1, 2020 by:

Shawn White
Manager, Program Policy & Strategy
Northern States Power Company, a Minnesota corporation
414 Nicollet Mall
Minneapolis, Minnesota 55401

As discussed in greater detail in the attached *Comments*, the Department recommends that the Minnesota Public Utilities Commission (Commission) **approve** Xcel's *Petition*. The Department is available to answer any questions that the Commission may have in this matter.

Sincerely,

/s/ MICHAEL N. ZAJICEK
Rates Analyst

MNZ/ja
Attachment



Before the Minnesota Public Utilities Commission
Comments of the Minnesota Department of Commerce
Division of Energy Resources

Docket No. E002/M-20-402

I. INTRODUCTION

On April 1, 2020, Northern States Power Company d/b/a Xcel Energy (Xcel, Xcel Electric, or the Company) submitted to the Minnesota Public Utilities Commission (Commission) a *Petition of Northern States Power Company for Approval of an Electric Conservation Improvement Program Adjustment Factor* (Petition). The Petition includes a report of proposed recoveries and expenditures in Xcel's electric Conservation Improvement Program (CIP) tracker account during 2019, a proposed increase in the currently approved electric Conservation Improvement Program (CIP) Adjustment Factor (CAF), and a proposed Shared Savings demand side management (DSM) financial incentive for its 2019 CIP achievements. Xcel's *Petition* requested that the Commission approve the following:

- A Shared Savings DSM financial incentive of \$17,589,180 for Xcel's 2018 electric CIP achievements;
- A report of proposed recoveries and expenditures in Xcel's electric CIP tracker account in 2019;
- A CAF for 2020/2021 of \$0.001928/kilowatt-hour (kWh).

The Petition contains data relevant to the Company's natural gas utility as well as to its electric utility. The Division of Energy Resources of the Minnesota Department of Commerce (Department) will not comment here on information related to the natural gas utility in this docket; instead see Docket No. G002/M-20-403.

II. COMMISSION'S 2019 ORDER

On July 19, 2019, the Commission issued its Order in Docket No. E002/M-19-258 approving Xcel's 2019 DSM financial incentive, CAF, and CIP tracker account as follows:

1. Approved the 2018 Xcel Electric CIP Tracker Account activity shown in Table 1 of the Department's April 30, 2019 comments;
2. Approved a CIP Adjustment Factor for 2019/2020 of \$0.001613/kWh beginning with the first billing cycle of October 2019, conditioned on Xcel's filing, within ten days of the date of this order, a compliance filing with tariff sheets and necessary calculations that comply with the Commission's determinations in this matter.
3. Approved Xcel's proposed bill message effective the first month the 2019/2020 CIP Adjustment Factor takes effect, revised to incorporate the approved CIP Adjustment Factor; and

4. Approved a demand side management financial incentive of \$28,856,219 for Xcel's 2018 electric CIP achievements, and allowed Xcel to include the incentive in the Company's electric CIP tracker account no sooner than the issue date of this Order.

On July 29, 2019, Xcel filed its compliance filing in response to Order Point 4, recalculating its CAF and proposing to implement the new factor, \$0.001682/kWh, on October 1, 2019. The Department filed a compliance sign-off form on August 1, 2019. Xcel's proposed rate went into effect October 1, 2019.

III. DEPARTMENT ANALYSIS

The Department's analysis of Xcel's Petition is provided below in the following sections:

- in Section III.A, Xcel's proposed electric 2019 Shared Savings DSM financial incentive;
- in Section III.B, Xcel's proposed electric 2019 CIP Tracker Account;
- in Section III.C, Xcel's proposed electric CAF for 2020/2021; and
- in Section III.D, a review of Xcel's CIP activity for the period 2012 through 2019.

A. XCEL'S PROPOSED ELECTRIC DSM FINANCIAL INCENTIVE FOR 2019 CIP ACHIEVEMENTS

1. Background and Summary of Xcel's Proposed Electric DSM Incentive

The Commission approved a modified Shared Savings DSM financial incentive mechanism in its August 5, 2016 *Order Adopting Modifications to Shared Savings Demand-Side Management Financial Incentive Plan*, Docket No. E,G999/CI-08-133. The revised mechanism, which began January 1, 2017, is triggered when electric utilities achieve energy savings of 1 percent, and gas utilities achieve 0.7 percent, of the utility's most recent three-year average of weather-normalized retail sales.¹ For 2019, the electric and gas incentives are capped at 10 percent of net benefits and 30 percent of CIP expenditures. The Commission's Order included the following:

1. The Commission hereby revises its Shared Savings DSM Financial Incentive Plan with the modifications set forth below.
 - A. For electric utilities, the plan is modified to do the following:
 - 1) Authorize financial incentives for a utility that achieves energy savings of at least 1.0 percent of the utility's retail sales.
 - 2) For a utility that achieves energy savings equal to 1.0 percent of retail sales, award the utility a share of the net benefits as set forth in Attachment A.
 - 3) For each additional 0.1 percent of energy savings the utility achieves, increase the net benefits awarded to the utility by an additional 0.75 percent

¹ Excluding retail sales to customers who are owners of a large customer facility and have been granted an exemption by the Department's Commissioner under Minnesota Statutes 216B.241, Subd. 1a(b).

until the utility achieves savings of 1.7 percent of retail sales.

- 4) For savings levels of 1.7 percent and higher, award the utility a share of the net benefits equal to the Net Benefits Cap.
- B. For gas utilities, the plan is modified to do the following:
- 1) Authorize financial incentives for a utility that achieves energy savings of at least 0.7 percent of the utility's retail sales.
 - 2) For a utility that achieves energy savings equal to 0.7 percent of retail sales, award the utility a share of the net benefits as set forth in Attachment A.
 - 3) For each additional 0.1 percent of energy savings the utility achieves, increase the net benefits awarded to the utility by an additional 0.75 percent until the utility achieves savings of 1.2 percent of retail sales.
 - 4) For savings levels of 1.2 percent and higher, award the utility a share of the net benefits equal to the Net Benefits Cap.
- C. For all utilities, set the following Net Benefit Caps:
- 1) 13.5 percent in 2017,
 - 2) 12.0 percent in 2018, and
 - 3) 10.0 percent in 2019.
- D. For all utilities, set the following Conservation Improvement Plan (CIP) Expenditure Caps:
- 1) 40 percent in 2017,
 - 2) 35 percent in 2018, and
 - 3) 30 percent in 2019.
2. The Commission retains certain provisions from the current Shared Savings DSM Financial Incentive Plan, with slight modifications, as follows:
- A. CIP-exempt customers shall not be allocated costs for the new shared savings incentive. Sales to CIP-exempt customers shall not be included in the calculation of utility energy savings goals.
 - B. If a utility elects not to include a third-party CIP project, the utility cannot change its election until the beginning of subsequent years.
 - C. If a utility elects to include a third-party project, the project's net benefits and savings will be included in the calculation of the energy savings and will count toward the 1.5 percent savings goal.

- D. The energy savings, cost, and benefits of modifications to non-third-party projects will be included in the calculation of a utility's DSM incentive.
 - E. The costs of any mandated, non-third-party projects (e.g., the 2007 Next Generation Energy Act assessments,² University of Minnesota Initiative for Renewable Energy and the Environment costs³) shall be excluded from the calculation of net benefits and energy savings achieved and incentive awarded.
 - F. Costs, energy savings, and energy production related to Electric Utility Infrastructure Costs,⁴ solar installation,⁵ and biomethane purchases⁶ shall not be included in energy savings for DSM financial incentive purposes.
- 3. The new Shared Savings DSM Incentive Plan shall be in effect for 2017-2019.
 - 4. Utilities may discontinue the annual February 1 compliance filing because a scale of net benefits will no longer be required since the Department's proposal sets percentages at certain savings thresholds and calibrates the mechanism to dollars per unit of energy.

In Attachment A of its Petition, Xcel noted that in 2019 its electric program met and exceeded the state's 1.5 percent energy savings target by achieving 528,899,458 kWh of savings, or 1.84 percent of non-CIP-exempt retail sales. Xcel's 2019 energy savings were 22 percent lower than in 2018, although the Company still exceeded the State's 1.5% energy savings goal. Xcel calculated that the Company should receive a Shared Savings incentive based on 10 percent of the Company's estimated \$175,891,796 in net benefits, or \$17,589,180.⁷

3. Department Analysis of Xcel's Proposed 2019 Electric DSM Financial Incentive

The Department's technical analysis of the demand and energy savings that underpin Xcel's proposed 2019 DSM financial incentive of \$17,589,180 is ongoing and will not be completed before the instant comments are due. The existence of this lag between the Company's request for recovery of the incentive and the completion of the Department's engineering review is a recurring phenomenon, and as the Company filed its 2019 Status Report on April 1, 2020, Department staff will need to review Xcel's energy savings before they are approved.

² See 2007 Laws, art. 2.

³ Id., § 3, subd. 6.

⁴ Minn. Stat. § 216B.1636.

⁵ Minn. Stat. § 216B.241, subd. 5a.

⁶ Id., subd. 5b.

⁷ See Xcel Attachment A, pages 22-23.

In the event that the Deputy Commissioner of the Department approves different 2019 CIP energy savings or budget, the Commission can approve any adjustments to the Company’s DSM financial incentive for 2019 achievements as part of the Company’s 2020 filing, due April 1, 2021.

In 2019, the Department compensated for this lag by assuming Xcel Electric’s claimed energy savings for 2018 were correct as filed, with the intent to make in the instant filing any adjustments approved by the Deputy Commissioner of the Department. However, the Deputy Commissioner approved Xcel’s 2018 Status Report, covering 2018 CIP activity, without any adjustments in Docket No. E002/CIP-16-115.07,⁸ and thus none need to be made in this docket.

The Department’s review indicates that the Company correctly calculated its DSM financial incentive; therefore the Department recommends that the Commission approve Xcel’s 2018 Shared Savings financial incentive of \$17,589,180.

B. 2019 CONSERVATION COST RECOVERY

Xcel requested Commission approval of its 2019 electric CIP tracker activity, resulting in a year-end 2019 balance of \$14,097,193. Table 1 below shows a summary of activity in Xcel Electric’s 2019 CIP tracker account.

Table 1: A Summary of Xcel Electric’s 2019 CIP Tracker Account

Description	Time Period	Amount
Beginning Balance	31-Dec-18	\$27,130,615
CIP Expenses	January 1 through December 31, 2019	\$92,816,075
Financial Incentive	For 2018 CIP achievements	\$28,856,219
Carrying Charges	January 1 through December 31, 2019	\$591,471
Recovered in Base Rates	January 1 through December 31, 2019	(\$86,251,215)
Recovered in CIP Adjustment Factor	January 1 through December 31, 2019	(\$49,045,972)
Ending Balance	31-Dec-19	\$14,097,193

The Department notes that, in the Commission’s July 19, 2019 Order in Docket No. E002/M-19-258, the Commission referenced the December 31, 2018 ending balance that was used in the Department’s comments. However, the Department had recommended that the Company use its more recent short term cost of debt to calculate carrying charges, as approved in Docket No. E002/GR-15-826, and update its tracker accordingly. In response to Department Information Request No. 1 the Company

⁸ Approved by the Department on August 29, 2019.

stated that, as the Commission adopted the recommendations of the Department of Commerce in its July 19, 2019 Order, the Company updated the December 31, 2018 ending balance to \$27,139,615.⁹ The Department concludes that this is reasonable.

The Department reviewed the Company's filing and recommends that the Commission approve Xcel's 2019 electric CIP tracker account activity, as provided in the Company's *Petition* and summarized in Table 1 above, resulting in a December 31, 2019 CIP tracker balance of \$14,097,193.

C. CIP ADJUSTMENT FACTOR REPORT

Minnesota law states in relevant part that the Commission "may permit a public utility to file rate schedules for annual recovery of the cost of energy conservation improvements."¹⁰ Xcel refers to its approved annual gas CIP recovery mechanism as the CIP Adjustment Factor (CAF).

As noted above, in its July 19, 2019 Order in Docket No. E002/M-19-258, the Commission approved a 2019/2020 (CAF) of \$0.001613 per kWh for Xcel. The CAF was eventually adjusted to \$0.001682 per kWh through the Company's July 29, 2019 Compliance Filing.

Table 2 below shows that Xcel currently projects an unrecovered October 1, 2021 CIP Tracker balance of \$52.16 million under the assumption of no additional recovery of CIP costs through the CAF.

Table 2: Xcel Electric's Forecasted End of September 2021 CIP Tracker Account

Description	Amount
Forecasted beginning balance (October 2020)	\$13,146,550
October 2020-September 2021 Budget	\$102,953,965
Forecasted 2020 Incentive	\$20,807,622
Less Forecasted CCRC recovery (Oct 2020-Sept 2021)	(\$84,749,772)
Forecasted September 2021 balance without CAF	\$52,158,365

Xcel included the above calculations so that it can calculate the CAF modification needed to most closely align recovery of costs to when costs are incurred and to minimize the under- or over-recovery of CIP costs, which in turn both minimizes carrying charges and helps ensure that the customers that caused the costs pay for the costs.

⁹ See Department Attachment B

¹⁰ See Minn. Stat. §216B.16, subd. 6b(c).

The Company proposed to update its electric CIP Adjustment Factor to \$0.001928 per kWh to be effective with the first billing cycle of October 2020 and to remain in effect through the September 2021 billing period. Xcel’s proposed CIP Adjustment Factor is an increase of \$0.000246 per kWh from its currently approved \$0.001682 per kWh,¹¹ a 14.63 percent increase in the Company’s current CAF. The proposed 2020/2021 factor was calculated to allow Xcel to recover CIP costs not recovered through the Conservation Cost Recovery Charge (CCRC) and approved financial incentives, and would minimize the projected unrecovered tracker balance.

Table 3 below shows Xcel’s calculation of its proposed CAF.

Table 3: Xcel’s Calculation of Its Revised Electric CIP Adjustment Factor

(1) Forecasted October 2020 Electric CIP Tracker Balance	\$52,158,365
(2) Forecasted Electric Sales (MWh) – October 2019 through September 2020 ¹²	27,050,677
(3) Recalculated Electric CIP Adjustment Rate = (1)/(2)	\$1.928/MWh
	\$0.001928/kWh

Xcel did not adjust the calculated rate to incorporate the effect of carrying charges, which were not otherwise included in the forecasted balance. To get the September 2020 forecasted CIP Tracker balance as close to \$0 without going negative the Department requests that the Company file in reply comments a recalculated rate that includes, or is adjusted for, projected carrying charges.

The Department will make a final recommendation on the CIP Adjustment Factor after reviewing the Company’s reply comments.

With respect to rate change notification, Xcel proposed to notify customers by implementing the following message on customer bills, effective the first month the 2020/2021 CIP Adjustment Factor takes effect:

Effective Oct. 1, 2020, the Resource Adjustment line item on your bill has decreased due to a change in the Conservation Improvement Program (CIP) factor. The electric CIP portion of the Resource Adjustment is \$0.001928 per kilowatt-hour (kWh).

The Department recommends that the Commission approve Xcel’s proposed bill message with the modifications that the October 1, 2020 effective date and the electric CIP Adjustment Factor listed in the bill message be updated in the compliance filing to reflect the Commission’s determinations of the effective date and approved rate.

¹¹ The Company will continue to apply the current CIP Adjustment of \$0.001682 per kWh up to the first cycle of the first full billing period following Commission approval of a revised factor.

¹² Forecasted sales exclude the customers exempted from electric CIP charges

D. A REVIEW OF XCEL'S ELECTRIC CIP ACTIVITY (2011-2019)

In Attachment A, the Department presents a historical comparison of Xcel's electric CIP activity for the period 2011 through 2019. The attachment provides an indication of how the Company's DSM financial incentive, carrying charges, year-end tracker balance, CIP expenditures, and reported energy and demand savings changed during the period.

An analysis of Table 1 in Attachment A indicates that, between 2011 and 2019, the Company's energy savings grew 14.48 percent, although the Company's 2019 energy savings decreased 22 percent compared from the Company's highest ever energy savings in 2018. Compared to 2011 the Company's 2019 expenditures grew 21.64 percent, and the Company's 2019 incentives decreased 65.75 percent. Demand savings have remained relatively stable since 2011, having decreased during 2013 and 2014 before increasing to their new high of 148,400 kW in 2018, a 6.9 percent increase over 2011, although demand savings fell again in 2019 to 120,344. Xcel's tracker balance was \$14.1 million at the end of 2019. Xcel projects that by the end of September 2020 its tracker balance will be close to zero again. Xcel's carrying charges for 2019 increased to \$591,471 due to using an updated short term cost of debt. After the Commission's 2014 decision to reduce the carrying charge rate, carrying charges have moderated. Xcel Electric's carrying charges peaked at \$1.1 million in 2010 and have varied since then, with a negative carrying charge in 2011, 2014 and again in 2015.¹³

IV. DEPARTMENT RECOMMENDATION

The Department requests that the Company file in reply comments a recalculated CIP Adjustment Factor that includes, or is adjusted for, projected carrying charges.

At this time, the Department recommends that the Commission approve:

1. Xcel's proposed bill message effective the first month the 2020/2021 CIP Adjustment Factor takes effect, revised as necessary to incorporate the approved CAF and effective date;
2. A Shared Savings DSM financial incentive of \$17,589,180 for Xcel's 2019 electric CIP achievements, and allow Xcel to include the incentive in the Company's electric CIP tracker account no sooner than the issue date of the Commission's Order in the present docket; and
3. Xcel's 2019 Electric CIP tracker account activity, as provided in the Company's *Petition* and summarized above in Table 1, resulting in a December 31, 2019 tracker balance of \$14,097,193.

¹³ Xcel used to use the Company's weighted cost of capital for its carrying charge rate. In its December 17, 2014 *Order Approving Tracker Account, Approving Financial Incentive, Setting Conservation Cost Recovery Adjustment, And Reducing Carrying Charges* in Docket No. E002/M-14-287, the Commission modified the carrying charge on Xcel Electric's CIP tracker-account balance to the Company's short-term cost of debt.

Docket No. E002/M-20-402
Analyst assigned: Michael Zajicek
Page 9

The Department will make final recommendations on the CIP Adjustment Factor after reviewing the Company's reply comments.

/ja

**Attachment A, Table 1. Xcel Electric’s Historical CIP Achievements, Incentives, and Tracker Balance
2011-2019**

Line No.	1	2	3	4	5	6	7	8	9	10	11	12	13
Year	Achieved Energy Savings (kWh)	Demand Savings (kw)	CIP Expenditures	Net Benefits	DSM Financial Incentive	Carrying Charges	Year-End Tracker Balance	Average Cost per first year kWh Saved ¹	Average cost per kWh Saved (including incentives)	Incentive as a % of CIP Expenditures	Incentive as a % of Net Benefits	Carrying Charges as a % of Expenditures	Year-End Tracker Balance as a % of Expenditures
2007	259,207,822	103,633	\$47,382,619	\$208,992,753	\$5,314,625			\$0.18	\$0.20	11%	3%		
2008	331,024,729	120,652	\$50,707,870	\$265,436,020	\$15,212,361			\$0.15	\$0.20	30%	6%		
2009	342,863,043	119,065	\$57,885,077	\$268,644,362	\$16,493,289			\$0.17	\$0.22	28%	6%		
2010	415,591,000	102,574	\$71,884,336	\$290,852,319	\$40,401,006			\$0.17	\$0.27	56%	14%		
2011	462,021,574	138,765	\$76,302,262	\$332,568,538	\$51,350,104	(\$619,259)	(\$21,768,428)	\$0.17	\$0.28	67.30%	15.44%	(0.81%)	(28.53%)
2012	533,477,510	143,226	\$87,071,903	\$376,897,422	\$53,911,925	\$4,231	\$31,925,410	\$0.16	\$0.26	61.92%	14.30%	0.00%	36.67%
2013	462,021,576	127,203	\$79,570,696	\$249,969,276	\$42,679,496	\$298,021	\$30,624,948	\$0.17	\$0.26	53.64%	17.07%	0.37%	38.49%
2014	481,325,941	114,023	\$87,889,789	\$255,953,599	\$40,179,927	(\$1,229,487)	(\$56,291,008) ²	\$0.18	\$0.27	45.71%	15.70%	(1.39%)	64.05%
2015	500,393,537	115,585	\$91,385,776	\$268,957,814	\$43,277,219	(\$56,557)	\$9,164,617 ³	\$0.18	\$0.27	47.36%	16.09%	(0.06%)	10.03%
2016	552,781,775	135,564	\$101,146,305	\$312,424,228	\$48,368,493	\$15,721	\$19,640,542	\$0.18	\$0.27	47.82%	15.48%	0.02%	19.42%
2017	658,274,791	139,359	\$109,109,805	\$224,008,869	\$30,241,197	\$48,421	\$31,512,526	\$0.17	\$0.21	27.72%	13.50%	0.04%	28.88%
2018	680,448,447	148,400	\$107,451,885	\$240,468,488	\$28,856,219	\$580,490	\$26,639,223	\$0.16	\$0.20	26.86%	12.00%	0.54%	24.79%
2019 ⁴	528,899,458	120,344	\$92,816,075	\$175,891,796	\$17,589,180	\$591,471	\$14,097,193	\$0.18	\$0.21	18.95%	10.00%	0.64%	15.19%

¹ Xcel’s conservation measures have an average lifetime of 13 to 15 years. Consequently, the average lifetime cost of energy saved is much lower.

² Does not reflect the inclusion of 2013 financial incentive of \$42,729,930.

³ Includes both the 2013 and 2014 financial incentives.

⁴ The 2019 DSM Financial Incentive, Carry Charges, and Tracker Balance are shown as proposed by Xcel in their *Petition*.



414 Nicollet Mall
Minneapolis, Minnesota 55401

PUBLIC DOCUMENT

April 27, 2020

Michael Zajicek
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101-2198

RE: MINNESOTA DEPARTMENT OF COMMERCE, DIVISION OF ENERGY RESOURCES
INFORMATION REQUEST NO. 1
DOCKET NO. E002/M-20-402

Dear Mr. Zajicek:

Enclosed is the response of Northern States Power Company, doing business as Xcel Energy, to the information request referenced above.

If you have any questions regarding this response, please contact Aaron Tinjum at aaron.j.tinjum@xcelenergy.com or (612) 342-8967.

Sincerely,

/s/

SHAWN WHITE
MANAGER
PROGRAM POLICY & STRATEGY

- Not Public Document – Not For Public Disclosure
 Public Document – Not Public Data Has Been Excised
 Public Document

Xcel Energy Information Request No. 1
Docket No.: E002/M-20-402
Response To: Minnesota Department of Commerce
Requestor: Michael Zajicek
Date Received: April 15, 2020

Question:

Topic: 2019 Electric CIP Tracker
Reference(s): Attachment A, page 10 of 25

On page 10 of Attachment A of the Company's filing line 1, titled balance lists a beginning balance of \$27,130,615 for January 2019. On July 19 2019, the Commission issued its Order in Docket No. E002/M-19-258 approving the Company's December 31, 2018 tracker balance of \$26,639,223.

Please explain this discrepancy as, to the Department's knowledge, the Company's January 1, 2019 beginning balance should be very close to, if not equal to, the Company's December 31, 2018 tracker balance. If page 10 of attachment A is incorrect, please provide a corrected Attachment A.

Response:

The January 2019 beginning balance of \$27,130,615 matches the balance as filed in the Company's July 29, 2019 Compliance Filing in Docket No. E002/M-19-258.

The \$26,639,223 balance used in Table 1, which was referenced in the Commission's July 19, 2019 Order, was based on the short-term cost of debt from the Company's 2012 rate case. However, in Comments and Reply Comments, the Department recommended that the short-term cost of debt be updated to the rate approved in the Company's 2015 rate case:

“A new short-term cost of debt rate was approved in the Company's 2015 rate case, Docket No. E002/GR-15-826. As such, the Department recommends that the Company use the 2015 short-term cost of debt rate for calculating carrying costs in the instant proceeding. The Department requests that Xcel re-

calculate its December 31, 2018 tracker balance, and present the result in reply comments.”¹

While Table 1 was not updated to reflect the Department’s recommendation for the short-term cost of debt, the Company believed it was a minor oversight as the Commission’s Order specifically adopted each of the Department’s recommendations:

“The Commission agrees with and adopts the recommendations of the Department of Commerce, which are attached and hereby incorporated into the order.”²

To comply with the Department’s request and July 19, 2019 Order, the Company’s July 29, 2019 Compliance Filing used the short-term cost of debt rate as approved in the Company’s 2015 rate case, resulting in the January 2019 beginning balance of \$27,139,615.

Preparer: Aaron Tinjum
Title: Senior Regulatory Analyst
Department: Program Policy & Strategy
Telephone: (612) 342-8967
Date: April 27, 2020

¹Comments, Minnesota Department of Commerce (Docket No. E002/M-19-258), April 30, 2019.

²Order, Minnesota Public Utilities Commission (Docket No. E002/M-19-258), July 19, 2019.