



414 Nicollet Mall  
Minneapolis, MN 55401

May 26, 2020

—Via Electronic Filing—

Will Seuffert  
Executive Secretary  
Minnesota Public Utilities Commission  
121 Seventh Place East, Suite 350  
St. Paul, MN 55101-2147

Re: REPLY COMMENTS  
2020/2021 ELECTRIC CIP ADJUSTMENT FACTOR  
DOCKET NO. E002/M-20-402

Dear Mr. Seuffert:

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission these Reply Comments in the above referenced docket. Per a request made by the Minnesota Department of Commerce, Division of Energy Resources (“Department”) in Comments, this filing provides an explanation regarding the incorporation of carrying charges in the Company’s calculation of the proposed 2020/2021 electric CIP Adjustment Factor.

In Comments, the Department requested that the Company provide a recalculated electric CIP Adjustment Factor that incorporates the effect of carrying charges:

*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.<sup>1</sup>*

The Company clarifies that it did incorporate the effect of carrying charges to get the September 2020 forecasted CIP Tracker balance as close to \$0 as possible. The Department’s conclusion may have been a result of the Company not including an explanation of carrying charges like the one included with our calculation of the

2019/2020 electric CIP Adjustment Factor. Below is the explanation that accompanied the initial calculation of our 2019/2020 electric CIP Adjustment Factor as included in the 2018 MN CIP Status Report:

*Our above forecasted balance does not include carrying charges. To get as close as possible to a \$0 balance by Sept. 30, 2020, the calculated rate of \$0.001580 was incrementally increased to incorporate the effect of carrying charges. We determined the final rate by increasing the calculated rate until the September 2020 forecasted CIP Tracker balance approached zero (\$0) without going negative. The resulting rate is **\$0.001581 per kWh**. As shown in Table 20, this rate results in a forecasted September 30, 2020 Tracker balance of \$2,236.<sup>2</sup>*

The calculation of the Company's 2019/2020 electric CIP Adjustment Factor was based on the October 2020 Electric CIP Tracker Balance. The Forecasted Electric Sales resulted in a September 30, 2020 balance of \$29,849 due to carrying charges. The CIP Adjustment Factor was then adjusted by \$0.001/MWh to produce \$27,613 in additional recovery, reducing the balance to \$2,236.

For our calculation of the 2020/2021 electric CIP Adjustment Factor, the Company did not include a similar explanation with our filing because there was no need to make an additional adjustment to reflect the effect of the carrying charge. The forecast CIP Tracker for 2020 and 2021 included on pages 17 and 18 of Attachment A of our initial filing shows that carrying charges are included in the tracker. This tracker includes the application of the calculated electric CIP Adjustment Factor of \$1.928/MWh based on the October 2021 Electric CIP Tracker Balance. The Forecasted Electric Sales result in a September 30, 2021 balance of \$19,245, which does not vary significantly from \$0. An adjustment to the Adjustment Factor at the smallest increment of \$0.001/MWh would result in additional recovery of \$27,051, which would result in a negative September 30, 2021 Tracker balance. Thus, our calculation is as close to \$0 without going negative and no further adjustments were necessary.

We appreciate the Department's significant time and effort in reviewing our CIP Adjustment Factor filings. We have electronically filed this document with the Minnesota Public Utilities Commission, and copies have been served to the parties on the attached service list. If you have any questions regarding this filing, please contact Aaron Tinjum at (612) 342-8967 or [aaron.j.tinjum@xcelenergy.com](mailto:aaron.j.tinjum@xcelenergy.com)

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<sup>1</sup> Minnesota Department of Commerce, Comments (Docket E002/No. M-20-402), May 7, 2020.

<sup>2</sup> Xcel Energy, 2018 CIP Status Report (Docket No. E,G002/CIP-16-115.07), April 1, 2019, page 28.

Sincerely,

/s/

SHAWN WHITE  
MANAGER  
DSM REGULATORY STRATEGY AND PLANNING

Enclosures  
c: Service Lists