



May 4, 2026

Sasha Bergman
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
Saint Paul, MN 55101

VIA E-FILING

Re:

**In the Matter of the Petition of Northern
States Power Company, dba Xcel Energy,
for Approval of a Residential Time of Use
Rate Design**

Docket No. E002/M-23-524

Dear Ms. Bergman,

The Citizens Utility Board of Minnesota ("CUB") offers this letter in reply to the Minnesota Department of Commerce's (the "Department") April 24, 2026 Comments¹ responding to Northern States Power Company, d/b/a Xcel Energy ("Xcel" or the "Company") March 25 Petition filed in the instant docket.² The Department raises several questions regarding Xcel's compliance with the Commission's February 23 Order and new modifications the Company introduces related to time-of-use rate terms of enrollment.

CUB echoes similar concerns to the Department. Prior to this filing, CUB communicated with Xcel seeking to clarify the Company's intended approach and ensure compliance with the Commission's February 23, 2026 Order. CUB welcomes continued discussions with Xcel to resolve these matters, but submits this letter in accordance with the 10-day reply comment period³ triggered by the Department's April 24 filing to provide additional context on the questions raised should the Commission wish to take further action.

Background

Following extensive record development, the Commission issued an Order on May 15, 2025 approving Xcel's Proposal for a new opt-in residential customer time-of-use ("TOU") rate, as

¹ *In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of a Residential Time of Use Rate Design*, Docket No. E002/M-23-524, Comments of the Minnesota Department of Commerce, Division of Energy Resources (Apr. 24, 2026) (hereinafter Department's April 24 Comments).

² *In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of a Residential Time of Use Rate Design*, Docket No. E002/M-23-524, Xcel Energy's Petition (Mar. 25, 2026) (hereinafter Xcel's March 25 Petition).

³ Minn. R. 7829.1400.

well as an update to the Company's existing electric space heating rate.⁴ As part of its decision, the Commission required Xcel to file a Compliance Plan within 90-days of the Order. The 90-day Compliance filing included additional information on Xcel's proposal for TOU rate implementation and details on how the Company would market and facilitate enrollment in the updated space heating rate.⁵

On August 14, 2025 Xcel filed its 90-day Compliance Plan.⁶ Subsequently, the Commission issued a notice for comment period and held a hearing on the matter on January 8, 2026. Again, parties offered robust recommendations and record development on both TOU rate implementation and space heating rate marketing and enrollment strategies.⁷ The City of Edina (the "City") filed comments reporting that multiple community members were given inaccurate information from Xcel representatives related to the electric space heating rate, and ultimately incorrectly informed they were ineligible for enrollment.⁸ The City recommended Xcel be required to implement additional measures to ensure a successful customer journey to rate enrollment in the future.⁹ Xcel stated the Company was "exploring options to offer customers a streamlined online self-service enrollment process to further reduce barriers and enhance accessibility,"¹⁰ which the Center for Energy and Environment ("CEE") "strongly support[ed]."¹¹

At the January 8 Hearing, the Commission spent significant time discussing electric space heating rate enrollment pathways, with the goal of reducing customer barriers. The Commission ultimately ordered Xcel be required to streamline enrollment via heat pump rebate applications and an online self-service process:

6. Xcel must update its heat pump rebate application to require the customer or contractor submitting the form to indicate whether the heat pump will serve as the customer's primary heating source following installation. If the application indicates that electric heat will be the primary heating source, Xcel Energy must directly enroll the customer in the electric space heating rate.

⁴ *In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of a Residential Time of Use Rate Design*, Docket No. E002/M-23-524, Order Approving Revised Opt-In Proposal and Setting Reporting Requirements (May 15, 2025) (hereinafter Commission's May 15 Order).

⁵ *Id.* at Order Points 3, 11, 12.

⁶ *In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of a Residential Time of Use Rate Design*, Docket No. E002/M-23-524, Xcel's 90-Day Compliance Filing (Aug. 14, 2025).

⁷ See, e.g. *In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of a Residential Time of Use Rate Design*, Docket No. E002/M-23-524, OAG-RUD and CUB Initial Joint Letter (Oct. 7, 2025); *In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of a Residential Time of Use Rate Design*, Docket No. E002/M-23-524, Center for Energy and Environment Comments (Oct. 7, 2025).

⁸ *In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of a Residential Time of Use Rate Design*, Docket No. E002/M-23-524, City of Edina Comments (Dec. 11, 2025) (hereinafter City of Edina Comments).

⁹ *Id.* at 3.

¹⁰ *In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of a Residential Time of Use Rate Design*, Docket No. E002/M-23-524, Xcel Reply Comments at 4 (Oct. 17, 2025).

¹¹ *In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of a Residential Time of Use Rate Design*, Docket No. E002/M-23-524, Center for Energy and Environment Reply Comments at 1 (Oct. 27, 2025).

7. Xcel must allow customers to enroll themselves in the electric space heating rate using an online self-service enrollment process.
8. Xcel must draft tariff language to allow enrollment in the electric space heating rate through the heat pump rebate application and self-enrollment and file the proposed language in this docket within 30 days of this Order.
9. Xcel's heat pump rebate must include the following:
 - a. Clear messaging in the heat pump rebate application that educates customers about the potential benefits of enrolling in the space heating rate.
 - b. A consent form that requires a customer signature to change to the space heating rate.
10. Xcel must implement a confirmation of enrollment when customers enroll in the space heating rate. With confirmation of enrollment, customers should be informed of the benefits of the rate, why they are eligible, and the process for unenrolling if they do not wish to remain on the rate.¹²

Consistent with Order Point 8, 30-days after the Commission published its Order, Xcel filed proposed changes to its tariff language for space heating enrollment.¹³ However, while the new language included allowing enrollment through the heat pump rebate application, it did not address an option for online self-service enrollment. Xcel also introduced new proposed changes to the terms of service for the residential TOU rate. Currently, Xcel's tariff language prohibits customers who have opted-out of the TOU rate from reenrolling within 12 months.¹⁴ Xcel seeks to change its terms to instead lock customers onto the TOU rate for a minimum of 12 months if it is their second time enrolling onto the rate.¹⁵

Commission Staff issued requests for information ("IRs") on April 7, requiring Xcel provide additional details regarding the Company's new envisioned enrollment processes and how they comply with the Commission's Order.¹⁶ The Department filed comments on April 24 in response to Xcel's Petition.

¹² *In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of a Residential Time of Use Rate Design*, Docket No. E002/M-23-524, Order Approving Tariff Modifications, Approving Compliance Plan, and Setting Additional Requirements for Residential Time-Of-Use Rate Implementation at 6 (Feb. 23, 2026).

¹³ See Xcel's March 25 Petition.

¹⁴ *Id.* at 3 ("Any customer who opts-out of this rate cannot reenroll in the rate for a minimum of 12 months from the end of the last billing cycle on the rate.").

¹⁵ *Id.* ("Any customer who has previously taken service under this tariff and opted out is required to stay on this rate for a minimum of 12 months if they wish to reenroll.").

¹⁶ *In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of a Residential Time of Use Rate Design*, Docket No. E002/M-23-524, Minnesota Public Utilities Commission Information Request for Xcel Energy (Apr. 7, 2026).

Space Heating Rate Enrollment Modification

As the Department observes, “[Xcel’s] proposed tariff language does not clearly articulate all of the options for enrollment.”¹⁷ CUB agrees that, as filed, the Company’s March 25 Petition does not satisfy the Commission’s Order Points 7 and 8 but rather limits enrollment via heat pump rebate or telephone call. In communicating with Xcel, CUB understands the absence of online self-enrollment options was due to the Company’s concern around ensuring verification of customer eligibility. Through the heat pump rebate option, the customer or contractor must indicate that the heat pump serves as the household’s “primary heating source” to confirm eligibility. The Company suggests that, if customers are allowed to enroll themselves via an online portal, there is no method to ensure similar verification. CUB understands that, due to this challenge, Xcel intends to only offer online enrollment options to customers who submit, or have in the past submitted, a heat pump rebate application. Online enrollment will not otherwise be available to other customers who primarily heat their home with electricity.

CUB understands and agrees that only those customers who primarily heat their homes with electricity should be allowed enrollment onto the rate. However, we note that customers who call via the phone line—Xcel’s current only method of enrollment—do not have to make any additional verifications regarding their eligibility for the rate. We question how this process differs from potential online enrollment. Moreover, a simple solution to online verification could be a page that requires the customer to affirm that electricity is their primary heating source. Such a page could also provide a helpful guide for households in making the determination of what constitutes “primary heating source.” Alternatively, CUB questions whether Xcel’s investment in advanced metering infrastructure (“AMI”) technology would not make it immediately apparent to the Company on a review of the household’s electricity usage, whether the primary heating source is electricity.

In addition to the above potential solutions that may resolve Xcel’s concerns about online enrollment, CUB emphasizes the importance of the self-service pathway and why we understand the Commission ordered it be made available in the first place. Although Xcel’s earlier version of the electric space heating rate has been an offering for many years now, customers continue to report issues with enrollment via the telephone. The City of Edina’s filing is reflective of similar anecdotal stories CUB documented in Docket No. E-002/M-25-27, of Xcel customers who run into issues enrolling in the electric space heating rate when calling to speak with Company representatives.¹⁸

Finally, CUB feels strongly that online enrollment options should not be limited to only those customers who go through the heat pump rebate application. While households with heat pumps are an important customer segment to target for the electric space heating rate, customers with less efficient electric heating equipment are also eligible for enrollment and should similarly receive streamlined, low-barrier opportunities for rate enrollment. Electric

¹⁷ Department’s April 24 Comments at 2.

¹⁸ *In the Matter of Northern States Power Company d/b/a Xcel Energy’s Electric 2024 Annual Safety, Reliability, and Service Quality Report*, Docket No. E-002/M-25-27, Supplemental Comments of the Citizens Utility Board of Minnesota and the Legal Services Advocacy Project at 7 (Aug. 22, 2025).

resistance is one of the least-efficient and highest-cost heating options for households.¹⁹ According to the Department's 2018 CARD Report, around 353,000 Minnesota households utilize electric resistance heat, the majority of which (201,000) are multifamily units.²⁰ Of the multifamily units, almost all are rental units and the majority—around 53 percent—are low income.²¹ These customers with already high energy burden may benefit the most from access to the reduced space heating rate. The Minnesota Office of the Attorney General—Residential Utilities Division highlighted similar arguments for ensuring that traditional electric resistance space heating ratepayers be able to access the rate in earlier comment periods.²²

CUB appreciates the Commission's decision to reduce barriers to enrollment in the electric space heating rate by requiring Xcel to allow customers to enroll via an online self-service process. To that end, we encourage Xcel to ensure that *all eligible residential customers* can access such streamlined enrollment and realize the benefits of the Company's rate offering. To the degree the Company is unable to make these offerings now but intends to do so in the future, we recommend setting a clear timeline so that stakeholders and the Commission may track progress towards that end.

Terms and Conditions of Service Modification

In its Petition, Xcel introduced new changes to the Company's tariff language regarding its terms of service for TOU rate enrollment. In particular, Xcel seeks to change the language that exists to prohibit customers from opting into the TOU rate when it is most beneficial (during winter months) and opting out when it is more costly (summer months).²³ To accomplish this guardrail, Xcel's current tariff prohibits customers who opt-out of the rate from reenrolling within 12 months. Xcel now seeks to change its terms to instead require any customer who is enrolling for the second time to then be locked into the TOU rate for a minimum of 12 months.

Xcel states the Company is concerned that, as it is currently written, the tariff language "may drive customers from the rate permanently rather than encouraging long-term participation" because "after the required 'lock-out' period ends, customers may forget or may not be inclined to reconsider the rate."²⁴ While CUB appreciates the Company's intention to encourage robust participation in the TOU rate, we are not persuaded that the existing language will dissuade customers from reenrollment as much being locked-in to the TOU rate would, under the Company's new proposal. We are also concerned by the fact that customers who are adversely affected by the TOU rate will have no billing protection measures available to them should they find they are unable to shift energy usage. For these reasons, we believe the Company's existing terms are sufficient and no modification should be approved.

¹⁹ Heat pumps can use up to 75% less electricity than resistance heat. Energy.gov, Heat Pump Systems, available at <https://www.energy.gov/energysaver/heat-pump-systems> (last visited May. 1, 2026).

²⁰ Minnesota Energy Efficiency Potential Study: 2020–2029, Conservation Applied Research and Development (CARD) FINAL Report at 102 (Dec. 4, 2018), available at <https://mn.gov/commerce-stat/pdfs/mn-energy-efficiency-potential-study.pdf>.

²¹ *Id.*

²² *In the Matter of the Petition of Northern States Power Company, dba Xcel Energy, for Approval of a Residential Time of Use Rate Design*, Docket No. E002/M-23-524, Reply Comments of the Office of the Attorney General-Residential Utilities Division at 17 (Nov. 14, 2024).

²³ Xcel's March 25 Petition at 2.

²⁴ *Id.*

Conclusion

CUB appreciates that the instant docket has already undergone extensive record development and review before the Commission in order to finalize and stand up the Company's new TOU rate and updated electric space heating rate. Consistent with the Commission's prior decision, we recommend that all eligible residential customers have streamlined access to online self-service enrollment in the electric space heating rate and that the Company should provide a clear timeline of when that feature will be available. We also recommend no new modifications be made to the TOU rate terms of service tariff at this time.

Respectfully submitted,

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