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May 28, 2015

Daniel P. Wolf, Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: Case No. E-002/GR-13-868

Minnesota Public Utilities Commission:

Attached please find the **AARP Comments on Interim Rate Refund**, filed in the above docket in this Xcel Energy multi-year rate case.

If you have any questions, please do not hesitate to call me.

Sincerely,

/s/ John B. Coffman

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Attorney/Consultant for AARP

CERTIFICATE OF SERVICE

I hereby certify that copies of the **AARP Comments on Interim Rate Refund** have been mailed, emailed or otherwise delivered electronically through the e-Docket system to all recipients on the currently official service list in Docket No. E-002/GR-13-868 at the Minnesota Public Utilities Commission, on this 28th day of May 2015.

/s/ John B. Coffman

**STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE MINNESOTA PUBLIC UTILITIES COMMISSION**

**In the Matter of the Application of)
Northern States Power Company for) OAH Docket No. 68-2500-31182
Authority to Increase Rates for Electric) PUC Docket No. E-002/GR-13-868
Service in the State of Minnesota)**

AARP COMMENTS ON INTERIM RATE REFUND

These comments respond to Xcel's "Compliance Filing Related to Interim Rate Refund", submitted on April 30, 2015, which proposes a method for refunding the over-collections of revenue from electric consumers that has occurred in 2014 and 2015. Since January of this year, several new legal and accounting issues have been raised by the parties to this case, relating to the proper method of calculating the interim rate refund that is due in this first-ever multi-year rate plan (MYRP) case in Minnesota. On May 13, 2015, the Commission established today's date as the deadline to comment on the interim rate refund proposal in this case.

AARP opposes Xcel's refund proposal, because the utility's calculations do not appropriately recognize Minnesota law and policy regarding interim rates, and it would not fully and fairly compensate consumers for the total refund that is due. AARP believes that the two most important issues for the Commission to address are the time period for making the calculations and the setting the proper interest rates. On each of

these two issues, the Commission should correct Xcel's deficient refund calculations for the benefit of consumers. Interim rate funds are money that Xcel has been enjoying and which now deserves to be returned to Minnesota consumers. These issues in dispute are worth millions of dollars to consumers.

Proper Period for Calculating Interim Rates

The Interim Rate Statute (Minn. Stat. § 216B.16) does not contemplate Xcel's "net approach" proposal whereby the interim rate calculations would combine the over-collections from 2014 together with the over-collections from a portion of 2015 into one period that is longer than a twelve-month test year. The Commission-approved electric rates for 2014 are different from the step-increased rates for 2015. Each test year contains numerous different assumptions and calculations which make it improper to combine both into one blended period. The most just and reasonable approach would be for the Commission to calculate the over-collections that occurred in 2014 separately from the over-collections that have (and will) occur during the months of 2015 before the Commission's order becomes final and a refund can be effectuated. To blend the calculations into one calculation period would deny consumers millions of dollars in a manner that is not contemplated under the law.

Interest Rate

Xcel proposes to refund the over-collections to consumers based upon an interest rate of 3.25%. AARP believes that consumers deserve a higher interest rate to compensate for the utility's use of their money during 2014 and 2015. AARP asks the

PUC to ensure that consumers get the full benefit of the time value of their money, by ordering Xcel to calculate the interim rate refund based upon the utility's overall rate of return allowed in the Commission in this MYRP rate case.

AARP respectfully requests that the Commission correct Xcel's deficient interim refund so that electric consumers receive back the full amount that is due.

Respectfully submitted,

/s/ John B. Coffman

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