



Minnesota Center for Environmental Advocacy

The legal and scientific voice protecting and defending Minnesota's environment

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March 20, 2015

Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

VIA ELECTRONIC SERVICE

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

Dear Mr. Wolf,

The Clean Energy Intervenors ("CEI") write with their preferred decision options on four issues in the above-captioned matter.

Inclining Block Rates

CEI offer the following points to clarify what is in the record regarding the Inclining Block Rate ("IBR") and what would result from the IBR Stipulation:

- IBR is not a new rate design for Minnesota. Minnesota Power has had an IBR in place for decades. The Commission in Minnesota Power's 2009 rate case approved expanding the number of blocks from 3 to 5. (Exhibit 234, p. 23.)
- IBR is not a new rate design for Xcel. Xcel has had an IBR in place in Colorado since 2010. (Exhibit 280, p. 15.)
- IBR is fully compatible with dynamic pricing. (Exhibit 280, p. 3, fn. 1); (Exhibit 239, pp. 22-24.)
- As PUC staff point out in the briefing papers, IBR and dynamic pricing further different goals – IBR promotes user conservation; dynamic pricing encourages a *shift* in the time of consumption. (Briefing Papers, Vol. VI, p. 39.)
- The IBR Stipulation sets out a process that allows all parties to continue to evaluate the IBR. (Exhibit 135.)
- The Stipulation requires Xcel to include "a proposal for educating customers about the IBR" in its filing. (Exhibit 135.)

- The Stipulation envisions the Commission making a decision on IBR following additional program development and evaluation and reserves the rights of all parties to argue for or against any IBR. (Exhibit 135.)

CEI's preferred decision option on the IBR is VI, E, 2 (adopt Stipulation). CEI would not object to decision option VI, E, 1 (ALJ recommendation).

Customer Charge

CEI's preferred decision option on the customer charge is VI, C, 1 (ALJ recommendation).

Cost of Capital

CIE's preferred decision options related to cost of capital is III, C, 9a (no adjustment if decoupling approved).

Decoupling

CEI's preferred decision options related to decoupling are as follows:

- V, A, 3 - Approve Xcel's proposed RDM with modifications.
- V, B, 1a - Approve Xcel's RDM as a three-year Pilot.
- V, B, 2a - Do not allow RDM billing rate increases if Xcel fails to achieve energy saving equal to 1.2 percent of retail sales.
- V, B, 3b - Modify Xcel's proposed partial RDM to be a full RDM.
- V, B, 4a - Approve a cap on RDM billing rate increases as a percentage of base revenues, excluding fuel and all applicable riders.
- V, B, 5b - Approve a soft cap on RDM Billing Rate Increases.
- V, B, 6 (No position on size of cap.)
- V, B, 7b - Take No Action.
- V, B, 8b - Take No Action.

We appreciate the opportunity to provide you with our preferred decision options. Please contact me with any questions.

Respectfully submitted,

/s/ Kevin Reuther
Kevin Reuther
Legal Director

KR/lm

Enclosure

cc: Service List

STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION

In the Matter of the Application of Northern
States Power Company for Authority to
Increase Rates for Electric Service in the State
of Minnesota

AFFIDAVIT OF SERVICE

MPUC Docket No. E-002/GR-13-868
OAH Docket No. 68-2500-31182


STATE OF MINNESOTA)
)ss.
COUNTY OF RAMSEY)

Leah Murphy being duly sworn, says that on the 20th day of March, 2015 she served via U.S. mail e-dockets the following:

- Preferred Decision Options filed on behalf of Clean Energy Intervenors

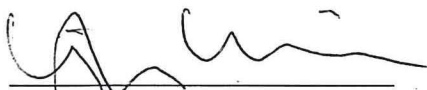
on the following persons, in this action, by filing through e-dockets or mailing to them a copy thereof, enclosed in an envelope, postage prepaid, and by depositing the same in the post office at St. Paul, Minnesota, directed to said persons at the last known mailing address of said persons:

Attached Service List.



Leah Murphy

Subscribed and sworn to before me
this 20th day of March, 2015



Leigh Currie



First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Jorge	Alonso	jorge.alonso@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_13-868_Official CC Service List
Julia	Anderson	Julia.Anderson@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134	Electronic Service	Yes	OFF_SL_13-868_Official CC Service List
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