

**Xcel Energy Rate Case**  
**Docket No. E-002/GR-13-868**  
**Deliberation Outline**  
**Additional Decision Alternatives, March 25, 2015**

**II. Financial (Volume II), page 2**

**A. Pension-Related Decision Alternatives (page 2)**

**7. Prepaid Pension Asset (page 10)**

e) Determine that the qualified pension asset and associated deferred tax amounts, should be included in rate base; and For rate base purposes, the pension asset is to reflect:

- (1) The cumulative difference between actual cash deposits made by the Company reduced by the recognized qualified pension cost determined under ACM/FAS 87 method since plan inception, not to exceed the Company's filed request. The Company shall provide a detailed compliance filing which explains the calculated amount within 10 days of the Commission's decision.

**D. Corporate Aviation Costs (2014), page 14**

**(Alternative D.13 is a modification to D.4)**

**13.** Determine that the Company's 50-percent cost reduction to the jurisdictional corporate aviation costs does not capture the removal of flight costs that were incurred for reasons other than for the provision of utility service and the Commission shall strike ALJ Finding 559.

~~559.—Further, the OAG's proposed adjustments to the Company's test year expense are not supported by the record (e.g. cost per flight) or are already covered by the 50 percent reduction in Minnesota jurisdictional aviation expenses (e.g. personal travel).~~

The Commission finds that corporate aviation costs shall be further adjusted by the cost of flights categorized by the following business purpose reasons (Table 12):

~~a)——Personal Travel (36 total company flights); or~~

- b) Personal Travel (34 total company flights);
- c) 1) Investor Relations (45 total company flights) (Staff)  
2) ~~Shareholder Meetings (46 total company flights); (Staff)~~
- d) ~~Aviation Use (42 total company flights).~~

**(Alternative D.14 is a modification to D.5)**

14. Determine that the following reported corporate flight travel business purposes are insufficient and do not permit the Commission to determine if the expense was reasonably and necessarily incurred for the provision of utility service, therefore fails to meet the requirements of Minnesota Statute § 216B.16 Subd. 17:

- a) Business Area Travel;
- b) Director Travel;
- c) Manager Travel;
- d) Xcel Executive Business Travel.

**And**

**(Alternative D.15 is a modification to D.6)**

15. Strike ALJ Findings 562 and 563 and replace ALJ Finding 562 to read:

~~562.—Third, the record supports recovery for travel coded as: Executive Business Travel; Director Travel; Manager Travel; or Business Area Travel. The OAG argued that these Business Purpose descriptions, which account for about 86 percent of all passenger trips from September 2012 to August 2013, are insufficient to demonstrate that this travel is needed to provide utility service. The OAG maintains the descriptions are vague and not subject to internal review. The record, however, shows that flights on Company aircraft can only be scheduled for valid business reasons. In addition, approximately 97 percent of all corporate aircraft flights from September 2012 to August 2013 were between Company locations. These facts confirm that the flights coded as Executive Business Travel, Director Travel, Manager Travel and Business Area Travel were taken for valid business purposes.~~

~~563.—Furthermore, the Commission has previously approved corporate aviation expenses for NSP and other utilities without requiring the level of detail sought by the OAG. While the Commission did require the Company to provide certain flight log information with its initial filing in this rate case, the Commission's~~

Order did not require the level of detail regarding the passenger's Business Purpose that the OAG argues should be required. Moreover, because the Commission's Order was issued in September 2013 and the Company made its filing initial filing in this rate case in November 2013, the Company did not have time to change its software to include the level of detail sought by the OAG for the applicable time period—flight logs from September 2012 to August 2013. Thus, while the Company could improve the level of detail in its Business Purpose descriptions, the Administrative Law Judge concludes that the Company has provided sufficient evidence in this case to demonstrate that flights for Executive Business Travel, Director Travel, Manager Travel and Business Area Travel are reasonable and necessary for the provision of utility service.

562. Minnesota law requires Xcel to provide information about the “business purpose” of each flight before recovery is permissible. Xcel did not meet this requirement because the “business purpose” descriptions in Xcel’s flight log do not provide any information to determine the true business purpose of the flights. Moreover, the testimony of Xcel’s employees demonstrates that Xcel has no oversight ensuring that flights are for a valid purpose. Because Xcel has not demonstrated that the flights coded as Executive Business Travel, Director Travel, Manager Travel and Business Area Travel have a “business purpose” that indicates they are necessary for the provision of utility service, they must be disallowed. The Company is required to conduct an annual shareholders’ meeting and documentation shows the designated “Shareholders Meeting” travel occurred close in time to the annual meeting.

**(Alternative D.16 is a modification to D.7)**

**16.** Require the Company to adjust the corporate aviation costs further by the cost of flights for each flight with the stated description (Table 12) :

- a) Business Area Travel (1,668 total company flights);
- b) Director Travel (615 total company flights);
- c) Manager Travel (55 total company flights);
- d) Xcel Executive Business Travel (831 total company flights)

**(Alternative D.17 is a modification to D.8)**

**17.** Modify ALJ Finding 564 to read:

564. The Commission orders the Company in future rate cases seeking recovery of corporate aviation to provide more detailed, information about the business

~~purpose of its flights~~ may want to consider whether more specific Business Purpose codes should be implemented by the Company for use ~~in future rate cases~~. To the extent that the Commission believes additional detail regarding the Business Purpose for each passenger trip should be provided in future rate case filings, the ~~The Administrative Law Judge respectfully recommends that the Commission specify the level of detail that must be provided,~~ and ensure that the Company has sufficient time to change its data systems to comply in a timely manner. ~~The Commission also orders the Company to create internal systems to review flight requests so that flights are only scheduled for reasons that are necessary for the provision of utility service. The Commission further orders the Company to keep~~ accurate records of the actual business purpose for flights that are scheduled, rather than reducing all flights to a generic “code.”

## **IV. Sales Forecast & Class Cost of Service Study (Volume IV), page 30**

### **B. Class Cost of Service Study**

#### **7. Use of the Minimum Distribution System (page 33-34)**

- c) Adopt the ALJ's findings and recommendation and adopt the OAG's recommendation that Xcel provide parties with data sufficient to verify and reproduce its minimum system study and file a zero-intercept analysis of distribution costs in the next rate case, or explain why it was not able to collect the necessary data to do so.

## **V. Revenue Decoupling (Volume V), p. 36**

### **B. Design of the Decoupling Mechanism (page 36)**

#### **5. Type of Cap – Hard Cap vs. Soft Cap (page 37)**

- a) Approve a hard cap on RDM Billing Rate Increases (DOC, OAG secondary position, AARP secondary position);
- b) Approve a soft cap on RDM Billing Rate Increases. (CEI, If cap is needed, Xcel supports a soft cap)
- c) Approve a soft cap on RDM Billing Rate Increases and if the company seeks to recover the RDM Rider portion above the cap the following year, the company must submit a request for approval by the commission. For the request to be approved the company must show that the company's demand-side management (DSM) programs and/or other company initiatives were a substantial contributing factor to the declining energy consumption and that other non-conservation factors were not the primary factors for the under-recovery.

#### **11. Annual Reports**

- a) Prior to any application of a RDM Rider Factor on April 1 of any year the company must submit an annual report to the commission by February 1. The report shall contain the following:
  - 1) total over or under collection of allowed revenues by class;
  - 2) total collection of prior deferred revenue;
  - 3) calculations of the RDM deferral amounts;

- 4) the number of customer complaints;
  - 5) the amount of revenues stabilized and how the stabilization impacted the Company's overall risk profile;
  - 6) a comparison of how revenues under traditional regulation would have differed from those collected under partial and full decoupling;
  - 7) a description of all new and existing Demand-side management (DSM) programs and other conservation initiatives the company had in effect for the year covered by the report;
  - 8) a description of the effectiveness of all new and existing Demand-side management (DSM) programs and other conservation initiatives the company had in effect for the year covered by the report; and
  - 9) other factors that may have contributed to a decline in energy consumption including weather and economic factors.
- b) Take no action.

## VI. Rate Design, Volume VI, page 39

### A. Class Revenue Apportionment (page 39)

9. Reject the ALJ's recommendation, require Xcel to rerun the CCOSS in accordance with all Commission decisions in this docket that affect the CCOSS, and set the class revenue apportionment by applying the following methodology to the revised CCOSS:
  - Maintain the current level of Lighting class revenues;
  - Set the C&I Non-Demand class apportionment at the cost-based level;
  - If the revised CCOSS shows the Residential class is currently contributing more than its share of cost, set the Residential class apportionment at the cost-based level;
  - If the revised CCOSS shows the Residential class is currently contributing less than its share of cost, move the Residential class 75 percent closer to cost;
  - Recover the remaining revenue requirement from the C&I-Demand class.

### H. Renewable Energy Purchase Option Decision Alternatives (page 43)

1. Adopt the ALJ recommendation to require Xcel to present a proposal for a "Renew-a-Source" tariff for large industrial customers as part of its next rate case. (ALJ, XLI)
2. Reject the ALJ's recommendation and require Xcel to work with XLI and other interested stakeholders to develop a renewable energy purchase option program that addresses the goals outlined by XLI in the record of this case, but do not set a specific deadline for filing a tariff proposal. (Xcel)
3. Reject the ALJ's recommendation and require Xcel to work with the XLI and other interested stakeholders to develop a renewable energy purchase option program that addresses the goals outlined by XLI in the record of this case. The final tariff may, but need not, comply with the specific recommendations provided by XLI in Exhibit 260 (Pollock Direct) at pages 61-62. (Staff)
4. Reject the ALJ's recommendation and require Xcel to work with the XLI and other interested stakeholders to develop a renewable energy purchase option program that addresses the goals outlined by XLI in the record of this case, such as increasing the competitiveness of industrial rates. The program should also address the goals of creating demand for renewable energy over and above that required by renewable energy standards (RES), and meeting the requirements of Minn. Stat. 216B.03 (Reasonable Rate statute). The final tariff may, but need not, comply with the specific recommendations provided by XLI in Exhibit 260 (Pollock Direct) at pages 61-62. (Staff)

## **VII. Financial (Volume VII), page 46**

### **B. Babcock & Wilcox Nuclear Energy, Inc. Lawsuit**

#### **Disputed \$46 million in Rate Base**

8. Require that any costs included in rate base but not paid be refunded as part of either the 2014 or 2015 refunds. If the lawsuit is not resolved at either of those times, then the refund should be made within 60 days after the lawsuit is resolved. **Direct Xcel to make a compliance filing within 30 days of completing the refund. The compliance filing should provide information detailing the refund and about the resolution of the lawsuit. The compliance filing should describe the amount not paid to Babcock and Wilcox that remains in rate base and the revenue requirement effect of that amount so the Commission can consider whether to require Xcel to track that amount for return to ratepayers in Xcel's first rate case subsequent to the resolution of the lawsuit.**