

BEFORE THE COURT OF ADMINISTRATIVE HEARINGS

FOR THE

MINNESOTA PUBLIC UTILITIES COMMISSION

STATE OF MINNESOTA

In the Matter of the Petition of the City of
Slayton for the Determination of
Compensation for City Acquisition of Xcel
Energy Electric Service Territory

MPUC Docket No. E-002, PT-7157/
SA-25-129
CAH Docket No. 25-2500-40870

**SURREBUTTAL TESTIMONY OF MARK S. MITCHELL
ON BEHALF OF THE CITY OF SLAYTON**

January 22, 2025

Exhibit ____

PUBLIC DOCUMENT

I. INTRODUCTION

Q. Mr. Mitchell, please state your full name and occupation.

A. My name is Mark S. Mitchell and I am a retired electric utility executive.

Q. On whose behalf are you giving this testimony?

A. I am testifying on behalf of the City of Slayton ("City").

Q. Have you provided other testimony in this proceeding?

A. Yes. I provided rebuttal testimony filed on January 9, 2026.

Q. What is the purpose of your surrebuttal testimony?

A. I am providing surrebuttal to statements made by Lisa R. Peterson in rebuttal testimony regarding transmission delivery and cost recovery, and possible requirements for system studies and system upgrades if Slayton is no longer taking delivery service through Xcel's Slayton West substation.

Q. Please specify what portion of Ms. Peterson's rebuttal testimony regarding transmission you are addressing.

A. Beginning at page 25, line 18 of her rebuttal testimony, Ms. Peterson addresses City witness Berg's recommendation that transmission costs are avoidable. She disagrees with Mr. Berg, stating that he *"has not provided sufficient analysis or explanation to support his argument"* and that he *"relies primarily on conclusory statements that Xcel Energy will receive full transmission costs from MISO if Slayton exits the system."*¹ Ms. Peterson further says that Xcel's understanding is that Slayton would no longer be a

¹ Peterson Rebuttal Test., pp. 26, l. 1-4.

1 transmission customer of Xcel Energy. She states, *"In fact, it appears that Slayton intends*
2 *to bypass Xcel Energy's existing transmission system in favor of a transmission extension*
3 *from Great River Energy (GRE)."*² Ms. Peterson does, however, say that she anticipates
4 City witness Berg will provide additional analysis on this topic in his rebuttal testimony
5 which she will evaluate and provide Xcel's final recommendation in surrebuttal.

6 **Q. Did Mr. Berg provide such additional analysis in his rebuttal testimony?**

7 **A.** Yes. In Mr. Berg's rebuttal testimony he explains that the GRE line extension does not
8 bypass the Xcel transmission system but is a tap off of the Xcel transmission system
9 approximately 0.2 miles in length to connect to a new Nobles Cooperative Electric
10 ("Nobles") substation that is replacing an existing Nobles substation.³ The new Nobles
11 substation will serve Nobles members and can be used to serve Slayton. Service to this
12 substation still requires use of the Xcel transmission system.

13 **Q. Is there additional testimony addressing the line extension and use of the Xcel**
14 **transmission system?**

15 **A.** Yes. In my rebuttal testimony I discussed the fact that the only transmission system
16 capable of providing network delivery in the area of Slayton is the 69 kV system owned
17 by Xcel, that Slayton would take delivery service from MISO across the Xcel system, and
18 that Slayton would pay the MISO Zone 16 (NSP/Xcel transmission zone) transmission rate
19 for that service. I also addressed the Great River Energy ("GRE") tap line and that Slayton

² Peterson Rebuttal Test., pp. 26, l. 8-10.

³ Berg Rebuttal Test., pp. 47, l. 10, to pp. 49, l. 2.

1 would pay the Zone 16 rate even if the substation serving its load is connected to the Xcel
2 system by a line owned by another utility.⁴

3 **Q. Is there testimony in this proceeding that provides sufficient analysis and explanation**
4 **to support the conclusion that transmission costs are avoidable?**

5 **A.** Yes. The majority of my rebuttal testimony focused on explaining how network
6 transmission service taken through the Midcontinent Independent System Operator
7 (MISO) works, how Slayton would pay for such service, and how Xcel would be
8 compensated. I also explain how Xcel's 69 kV transmission system serving Slayton and
9 the surrounding area is included in the MISO process.⁵

10 **Q. Does your rebuttal testimony address how transmission costs are recovered by Xcel for**
11 **service to its own customers as well as customers of other utilities?**

12 **A.** Yes. My rebuttal testimony discusses the MISO process under MISO Tariff Attachment O
13 for developing the network service rate to be charged to utilities for serving load other
14 than load of the transmission owner (in this case Xcel) and that the transmission owner
15 collects transmission costs for delivery to its customers through retail rates.⁶

16 **Q. Can you address that MISO Attachment O process more specifically with regard to Xcel.**

17 **A.** Yes. In my rebuttal testimony I cite the NSP/Xcel rate formula template in MISO
18 Attachment O. But I think it would be helpful to look at the specifics of the NSP
19 Attachment O rate calculations posted for 2026 to explain the calculation of the network

⁴ Mitchell Rebuttal Test., pp. 9, l. 10 to pp. 10, l. 9.

⁵ Mitchell Rebuttal Test., pp. 3, l. 16 to pp. 10, l. 18.

⁶ Mitchell Rebuttal Test., pp. 6, l. 3 to pp. 7, l. 2.

1 service rate.⁷ Attachment O is a somewhat complicated and involved set of data and
2 calculations, but for this purpose I will focus on the three primary components used to
3 calculate the network service rate that will help to illustrate that network service costs
4 and revenues are based on network service to both NSP/Xcel loads and loads of other
5 utilities in the NSP transmission zone. Page 1, line number 7 of the NSP Attachment O
6 Effective January 1, 2026 shows NSP's Net Adjusted Revenue Requirement of
7 \$627,928,785.⁸ This is Xcel's annual transmission revenue requirement. To calculate the
8 network service rate, the revenue requirement is divided by the sum of the numbers on
9 page 1, line number 8 and page 1, line number 10 of the NSP Attachment O. These
10 numbers are described as, on line number 8 "Average of 12 coincident system peaks for
11 requirements (RQ) service" and on line number 10 "Plus 12 CP of Network Load not in line
12 8". These numbers are 6,705,754 and 1,728,737 respectively. The 6,705,754 is Xcel
13 customer load that is served via the Xcel transmission system and the 1,728,737 is the
14 load of customers of other utilities that use the Xcel transmission system for delivery of
15 electricity. The tab on the NSP Attachment O spreadsheet labeled "WP Divisor", a copy of
16 which is on page 2 of Attachment A to my testimony, is NSP's work paper showing how

⁷ The NSP Attachment O is available on the MISO Website, <https://misoenergy.org/markets-and-operations/settlements/to-rate-data/nsp-companies-nsp> (last visited Jan. 20, 2026). From this website select 2026, the select "NSP Companies Att O GG and MM Effective Jan 1 2026 and Supporting Work Papers." To view Attachment O within the Excel Workbook, select the "Attachment O" tab at the bottom.

⁸ To assist the reader in following these numbers, I have included **Attachment A** to my surrebuttal testimony, which provides an annotated excerpt of NSP's Attachment O as page one, and an annotated excerpt of the Work Paper for the Divisor as page two. Please note that the "line numbers" I refer to are the NSP created line numbers rather than the underlying spreadsheet cell numbers.

1 NSP determines the values of its load and the load of other utilities that are used on Page
2 1 of its Attachment O as the divisors to determine the network service rate. The rate is
3 based on the revenue requirement being collected from both Xcel retail customers and
4 the customers of other utilities in the NSP transmission zone who rely on Xcel's
5 transmission system to receive electrical service. This calculation for 2026 results in an
6 annual cost of \$74.449/kW/yr and a network rate of \$6.204/kW/mo.⁹

7 I conclude from the details of this rate development that, on average for 2026, Xcel should
8 be collecting \$6.0204 times 6,705,754 through its retail rates for delivery of electricity
9 over its transmission system to its customers and \$6.0204 times 1,728,737 through the
10 MISO network service charges for electricity delivered by other utilities to their customers
11 over Xcel's transmission system. Actual charges are based on actual monthly loads. The
12 load of Slayton customers is currently accounted for on NSP's Attachment O, Page 1, line
13 number 8 and will be accounted for on Page 1, line number 10 if Slayton becomes a
14 municipal utility. Because the network rate is developed based on all load in the NSP zone
15 with the expectation that all loads in the zone pay the same rate whether they are Xcel
16 customers or customers of other utilities, Slayton customers pay for network service
17 through Xcel retail rates today and will pay for network service through MISO in the
18 future, if they form a municipal utility. Xcel will receive the transmission revenue whether

⁹ Attachment A, page 1, lines 16 and 17.

1 it is using its transmission system to serve Slayton customers or some other utility is.

2 There is no stranded transmission cost and therefore, transmission costs are avoidable.

3 **Q. If Slayton becomes a municipal utility, will Xcel continue to receive a payment roughly**
4 **equivalent to what it receives today from Slayton customers for transmission services,**
5 **regardless of what utility is serving Slayton customers?**

6 **A.** Yes. As indicated above, Xcel charges \$6.204/kW/mo for transmission service either as
7 part of its retail rates (to existing customers, such as Slayton residents today) and it also
8 charges \$6.204/kW/mo as a MISO network service charge for non-Xcel customers who
9 receive energy delivered over Xcel's transmission system.¹⁰ Currently Slayton residents
10 are in the first category, and if Slayton becomes a municipal utility as proposed, Slayton
11 customers would fall into the second category, but the payments to Xcel would remain
12 unchanged.¹¹

13 **Q. Are there any other portions of Ms. Peterson's rebuttal testimony you would like to**
14 **address?**

15 **A.** Yes. In Ms. Peterson's discussion of integration costs related to community solar gardens
16 (CSGs) and distributed energy resources (DERs), referring to her Direct Testimony, she
17 says Slayton's exiting the system would likely require engineering studies, which may
18 identify necessary system upgrades to ensure safety and reliability. She further states
19 that the costs of these studies and upgrades should be part of the just compensation.¹²

¹⁰ Attachment A, page 1, line 17.

¹¹ See Attachment A, page 2.

¹² Peterson Rebuttal Test., pp. 38, l. 11-22.

1 She also states that Slayton's exit could impact system upgrades that would be paid by
2 interconnecting DERs and who bears the costs.¹³

3 **Q. Do you agree with these statements from Ms. Peterson?**

4 **A.** No. As I stated in my rebuttal testimony in response to Ms. Peterson's direct testimony,
5 whether the Slayton load is served from Xcel's Slayton West substation or a nearby Nobles
6 substation, from a transmission system standpoint, the loads would be considered to be
7 electrically at the same point.¹⁴ We know from Dave Berg's rebuttal testimony that the
8 new Nobles substation that could serve Slayton is approximately 0.2 miles from Slayton
9 West substation.¹⁵ Moving Slayton load to the new substation would change the flows
10 on the line segment between Slayton West and the new substation but based on my
11 experience and judgement as an engineer, the flows seen by substations beyond those
12 two substations would be virtually unchanged. From an interconnected system
13 perspective, the DER/CSG generation that would be offset by Slayton load at Slayton West
14 substation would also be offset by Slayton load 0.2 of a mile away.

15 **Q. Responding to the question as to whether or not reducing load at Slayton West**
16 **substation would allow for the interconnection of more DER generation, Ms. Peterson**
17 **states that *"If Slayton exits the system there will be more energy production than***
18 ***consumption at the SLW substation. This imbalance will almost certainly trigger a MISO***

¹³ Peterson Rebuttal Test., pp. 40, l. 21 to pp. 41, l.2.

¹⁴ Mitchell Rebuttal Test., pp. 13, l. 9-16.

¹⁵ Berg Rebuttal Test., pp. 48, l. 15-19.

1 *transmission study and will require system upgrades to maintain safety and reliability.”*

2 ¹⁶ **What is your response to these comments?**

3 **A.** I do agree that it is possible that there may be more energy production than consumption
4 at the substation if CSG/DER production exceeds the remaining Xcel load on the
5 substation. However, it is not clear to me that would trigger a MISO transmission study.
6 Assuming MISO transmission studies were conducted to evaluate the interconnection of
7 existing CSG/DER facilities, those studies would have considered generation production
8 compared to the minimum load of Slayton during periods of generation production. So
9 any potential new impact would be evaluated based on something less than Slayton’s
10 peak load and the impact could be insignificant to the overall system. As I note above,
11 from a broader system perspective, whether the load is at Slayton West substation or at
12 a nearby substation, the net of generation and load would be electrically the same. Also,
13 I certainly disagree with Ms. Peterson statement that an imbalance will require system
14 upgrades.

15 **Q. Do you believe there are any local impacts that could occur if Slayton exits Slayton West**
16 **substation?**

17 **A.** Yes, there is one. If the direction of the flow of electricity is currently always from the 69
18 kV system to the low side of the Slayton West transformer to serve Slayton load, and if
19 Slayton exits the substation, flow could then be from the low side of the transformer to

¹⁶ Peterson Rebuttal Test., pp. 45, l. 18 to pp. 46, l. 1.

1 the 69 kV system if CSG/DER generation exceeds remaining Xcel load. That would likely
2 require a change to protective relaying schemes. If electricity is always expected to flow
3 in only one direction, protective relays are set on that basis. If the flow can be reversed,
4 changes would be required. Addressing this issue would most likely just involve
5 engineering staff time to develop and program new settings into existing relays.

6 However, such protective relaying changes may be required even if Slayton remains at
7 Slayton West substation. If existing and proposed CSGs/DERs connecting to Slayton West
8 substation are expected to exceed the Slayton load at any time, electricity flow through
9 the transformer could be reversed, requiring adequate protective relay schemes to
10 address flow in both directions.

11 **Q. Does that conclude your surrebuttal testimony?**

12 **A.** Yes.

Attachment Description	Pages
Attachment A: Annotated Excerpt of NSP's Attachment O and Work Papers for 2026	2

Formula Rate - Non-Levelized

Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2026

Northern States Power Companies

Line No.							Allocated Amount	
1	GROSS REVENUE REQUIREMENT (page 3, line 31)						\$ 637,020,821	
2	REVENUE CREDITS	(Note T)	Total		Allocator			
3	Account No. 454 & 456	(page 4, line 34 & Line 34a)	789,542	TP	0.96783		\$ 764,146	
4	Account No. 456.1	(page 4, line 37)	19,181,475	TP	0.96783		\$ 18,564,486	
5	Revenues from Grandfathered Interzonal Transactions		0	TP	0.96783		\$ -	
6	Revenues from service provided by the ISO at a discount		0	TP	0.96783		\$ -	
7	TOTAL REVENUE CREDITS (sum lines 2-5)						\$ 19,328,632	
8a	Historic Year Actual ATRR						\$ 457,003,055	
8b	Projected ATRR from Prior Year	Input from Prior Year					\$ 469,271,024	
8c	Prior Year ATRR True-Up	(line 8a - line 8b)					\$ (12,267,969)	
8d	Prior Year Divisor True-Up	(Note Z)					\$ 21,900,929	
8e	Interest on Prior Year True-Up						\$ 613,636	
9a	NET REVENUE REQUIREMENT	(line 1 - line 6 + line 8c through 8e)					\$ 627,938,785	
9b	Network Customer 1 (Note II)						0	
9c	Network Customer 2 (Note II)						0	
10	NSP Adjusted Revenue Requirement (Sum Lines 9a - 9c) (Note II)						\$ 627,938,785	
11	DIVISOR							
12	Average of 12 coincident system peaks for requirements (RQ) service				(Note A)		6,705,754	
13	Plus 12 CP of firm bundled sales over one year not in line 8				(Note B)		0	
14	Plus 12 CP of Network Load not in line 8				(Note C)		1,728,737	
15	Less 12 CP of firm P-T-P over one year (enter negative)				(Note D)		0	
16	Plus Contract Demand of firm P-T-P over one year						0	
17	Less Contract Demand from Grandfathered Interzonal Transactions over one year (enter negative) (Note S)						0	
18	Less Contract Demands from service over one year provided by ISO at a discount (enter negative)						0	
19	Divisor (sum lines 12-18)						8,434,491	
20	Annual Cost (\$/kW/Yr)	(line 10 / line 19)	74.449					
21	Network & P-to-P Rate (\$/kW/Mo)	(line 20 / 12)	6.204					
22								
23	Point-To-Point Rate (\$/kW/Wk)	(line 21 / 52; line 21 / 52)	1.432				\$1.432	
24	Point-To-Point Rate (\$/kW/Day)	(line 21 / 260; line 21 / 365)	0.286	Capped at weekly rate			\$0.204	
25	Point-To-Point Rate (\$/MWh)	(line 21 / 4,160; line 21 / 8,760 times 1,000)	17.896	Capped at weekly and daily rates			\$8.499	
26	FERC Annual Charge (\$/MWh)	(Note E)	\$0.000	Short Term			\$0.000	Short Term
27			\$0.000	Long Term			\$0.000	Long Term

NSP Attachment O Work Paper for the Divisor on Attachment O, Page 1, Lines 8,10 and 15

The screenshot displays an Excel spreadsheet titled "Northern States Power Company" with a "2026 Workpapers" tab. The spreadsheet is organized into columns labeled A through X. The data is presented in a table format with rows for months and a 12-month average. The columns are color-coded: green for revenue, yellow for costs, and blue for totals. The table includes a "System Peak - NSP Load" section, a "Network Load" section, and a "Joint Pricing Zone" section. The "Total Network" column is calculated as the sum of the "Network Load" and "Joint Pricing Zone" columns. The "Divisor" column is calculated as the sum of the "Total Network" and "Network Load" columns. The "12 Month Average" row shows the average values for each category. The "WP Divisor" tab is highlighted in the bottom navigation bar.

Line No.	System Peak - NSP Load	Network Load	Joint Pricing Zone	Total Network	Divisor
	A	B	C	D	E
1	Total Northern States Power Company				
2	January 2026	5,984,335	338,986	62,725	6,366,046
3	February	5,727,987	301,536	62,312	6,091,835
4	March	5,034,118	253,073	52,735	5,339,926
5	April	4,892,931	232,946	46,716	5,172,593
6	May	6,479,429	327,045	42,861	6,849,335
7	June	7,696,856	213,279	57,174	7,967,309
8	July	8,457,000	343,000	70,000	8,870,000
9	August	8,075,000	355,000	53,000	8,483,000
10	September	7,056,000	334,000	65,000	7,455,000
11	October	5,495,000	267,000	43,000	5,805,000
12	November	5,414,000	274,000	56,000	5,744,000
13	December 2026	5,937,000	306,000	62,000	6,305,000
14					
15	12 Month Average	6,354,138	295,489	56,127	6,705,754

Slayton load is currently in NSP Load

If Slayton is a municipal utility, its load would be included in Network Load if it becomes a MISO member or would be included with GRE load if it elected to contract with GRE to represent the Slayton load in MISO.

NOTE: Annotations by Strean, Ryan E. are native to NSP's spreadsheet