

October 27, 2025

Sasha Bergman  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101

**Re: *In the Matter of the Petition of Northern States Power Company, d/b/a Xcel Energy, for Approval of a Residential Time of Use Rate Design***  
**Docket No. E-002/M-23-524**

Dear Ms. Bergman:

The Office of the Attorney General – Residential Utilities Division (OAG) and Citizens Utility Board of Minnesota (CUB) submit this letter in response to Xcel Energy’s October 17, 2025 reply comments regarding Xcel’s August 14, 2025 compliance filing in the above-referenced docket. In our initial comments on the compliance filing, OAG and CUB expressed concerns regarding Xcel’s proposed Rate Comparison Tool and lack of bill impact reporting on Xcel’s new residential TOU rate, and asked Xcel to provide further information in its reply comments. We appreciate Xcel’s description of how it envisions the Rate Comparison Tool, but we continue to have concerns and Xcel’s description raised further questions. Similarly, Xcel did not assuage our concerns regarding bill impact reporting.

### *Rate Comparison Tool*

In its order authorizing Xcel’s TOU rate, the Commission required Xcel to provide in a compliance filing a clarification of “whether an application could be developed that would use information from the billing system or directly from the meters itself that could be included as a link in customer bills.”<sup>1</sup> This requirement was the result of the Institute for Local Self-Reliance’s concern that customers could have difficulty accessing information about their smart meter data.<sup>2</sup> It was also related to commissioner concerns that Xcel’s “rate advisor tool,” — which Xcel stated would “essentially do[] shadow billing” but would not include that information on customer bills<sup>3</sup> — would be unhelpful for customers who look at their bills but might not necessarily know to seek out an online tool.<sup>4</sup> Xcel’s compliance filing stated that although an application could be developed, it did not recommend it.<sup>5</sup> Xcel indicated that customers could either “conduct a rate analysis themselves,” or a customer service representative could perform the analysis using “a tool

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<sup>1</sup> Order Approving Revised Opt-In Proposal and Setting Reporting Requirements at 9, Order Point 12g (May 15, 2025).

<sup>2</sup> Briefing Papers at 44 (Feb. 27, 2024); Reply Comments of ILSR at 2 (Nov. 13, 2024).

<sup>3</sup> March 6, 2025 Commission Hearing at 5:06:29-5:06:38.

<sup>4</sup> *Id.* at 5:06:29-5:19:00.

<sup>5</sup> Compliance Filing at 11 (Aug. 14, 2025).

that mirrors the Rate Comparison Tool experience.”<sup>6</sup> In a stakeholder meeting presentation, Xcel stated that “Customers will have [the] opportunity to review a *projection* of potential cost based on their usage, on different rate options with the Rate Comparison Tool, serving the spirit of bill impact analysis.”<sup>7</sup>

In our initial comments, we requested that Xcel provide “a description of how the Rate Comparison Tool will work, including whether customers will need to enter information or whether the tool will automatically display estimated bills based on data from the customer’s AMI meter.”<sup>8</sup> We were particularly concerned that Xcel planned to require customers to input their own billing data in order to use the Rate Comparison Tool, as Xcel had suggested in its compliance filing that customers who could not “conduct a rate analysis themselves” would need to call customer service for assistance.<sup>9</sup> Relatedly, we were concerned that the Rate Comparison Tool would not provide a billing comparison based on a customer’s actual historical usage, and might instead present customers with a proprietary estimate of their bills on different rates, introducing concerns about accuracy and verifiability.

While Xcel did provide a description of how the Tool is currently envisioned, it did not directly respond to our concern about whether customers will need to enter their own usage information. Xcel stated that customers will be able to conduct a “personalized simulation, using the customer’s historical energy usage data to compare their current rate with the TOU rate.”<sup>10</sup> This appears to refer to the same “rate analysis” for which Xcel’s “Contact Center is available to assist.”<sup>11</sup> Xcel’s statement in reply does not make clear whether any of the analyses or simulations enabled by the Rate Comparison Tool will require customers to input their own billing or usage data. Notably, the Commission required Xcel to report on whether an application could be developed that uses “information from the billing system or directly from the meters itself” to assist customers in determining whether a TOU rate would be a good fit.<sup>12</sup> In our view, the additional work that would be required for customers to locate and input their own data would significantly limit customers’ engagement with the Tool and thus would significantly diminish the Tool’s usefulness.

Additionally, Xcel’s description of its future plans for the Rate Comparison Tool raises the concern that the Tool is being developed without a clear idea of how many features will ultimately be added and how much it will ultimately cost. It is not clear from Xcel’s filings whether its current estimated costs for the Tool include only the “static comparison” feature, or whether they also include the “dynamic modeling.”<sup>13</sup> It is also unclear whether even the “static comparison” feature

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<sup>6</sup> Compliance Filing at 12.

<sup>7</sup> Xcel August 6, 2025 Stakeholder Presentation (emphasis added) (Attached).

<sup>8</sup> Initial Comments of OAG and CUB at 4 (Oct. 7, 2025).

<sup>9</sup> Compliance Filing at 12.

<sup>10</sup> Xcel Reply Comments at 5 (Oct. 17, 2025).

<sup>11</sup> Compliance Filing at 12.

<sup>12</sup> Order Approving Revised Opt-In Proposal and Setting Reporting Requirements at 9, Order Point 12g.

<sup>13</sup> Xcel Reply Comments at 5 (Oct. 17, 2025).

is “subject to change as development progresses,”<sup>14</sup> making it difficult for us and the Commission to know for certain how the Tool will work and assess whether the Tool will actually provide customers with useful information. If it doesn’t, customers will not use it.

Xcel has provided high-level descriptions of its proposed Rate Comparison Tool over the course of this docket, including suggesting that the Tool would be a good alternative to shadow billing.<sup>15</sup> Although we appreciate that the tool is still in development and therefore subject to change, it is difficult to evaluate the prudence or reasonableness of the investment based on these generalized characterizations. This review is especially important considering the Company intends to treat the Rate Comparison Tool as a capital asset upon which it will earn a return on equity, prior to providing the Commission with an assessment of the feasibility and costs of shadow billing.<sup>16</sup>

### *Bill Impact Analysis*

The OAG and CUB continue to believe that customer bill impact reporting is important, and Xcel’s explanation for why it is not possible to accomplish without hiring an external evaluator continues to raise questions. Xcel states that its billing system is not able to generate multiple bills for a particular customer, and this prevents it from “conducting a detailed bill impact analysis.”<sup>17</sup> However, Xcel also states that its Rate Comparison Tool will be able to estimate future bills using customers historical consumption data.<sup>18</sup> It remains unclear to us why the billing system is the limiting factor in calculating bill impacts: if Xcel plans to calculate estimated future bills using historical consumption data, why can it not use historical consumption data of customers who switch to TOU to calculate what their bills would have been on a flat rate?

Xcel also appears to misunderstand the reasoning behind our request for reporting on bill impacts, stating that the “customer-facing Rate Comparison Tool offers a more practical and impactful path forward than a bill impact analysis.”<sup>19</sup> We recommend requiring Xcel to report on bill impacts because it gives the Commission and parties important information for assessing the overall impact and effectiveness of the new TOU rate. This is necessary both to protect the consumers who opt into the TOU rate and if the Commission decides in the future to make TOU the default residential rate. Xcel’s description of its Rate Comparison Tool does not mention any ability to analyze customer bill impacts in the aggregate, making its existence irrelevant to our request for bill impact reporting.

While Xcel provided an explanation of why it could not conduct a bill impact analysis itself and provided a high-level estimate of the cost of hiring a third party to conduct the analysis, we

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<sup>14</sup> *Id.*

<sup>15</sup> Revised TOU Proposal at 18 (Aug. 16, 2024); Reply Comments of Xcel Energy at 8 (Nov. 14, 2024); March 6, 2025 Commission Hearing at 5:06:29-5:06:38 (stating the “rate advisor tool...essentially does shadow billing”)

<sup>16</sup> Reply Comments at 6 (Oct. 17, 2025).

<sup>17</sup> *Id.*

<sup>18</sup> *Id.* at 5.

<sup>19</sup> *Id.* at 7.

continue to believe that bill impact analysis could be beneficial in assessing the impacts and effectiveness of the TOU rate.

*Conclusion*

We thank the Commission for this opportunity to respond to Xcel's reply comments. We recommend that the Commission:

1. Make clear that it is not making a prudency determination in this docket regarding Xcel's as-yet-unseen Rate Comparison Tool, recovery of which Xcel seems to have recently added to its rate case request;<sup>20</sup> and
2. Clarify that Xcel's future explanation of shadow billing cost and feasibility should include an assessment of the costs and benefits of adding bill impact analysis functionality to its billing system.

Sincerely,

/s/ Joey Cherney

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Attachments: *Minnesota Time of Use Rate Reporting Stakeholder Discussion – 2<sup>nd</sup> Session* (Aug. 6, 2025)

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<sup>20</sup> Docket No. E-002/GR-24-320, Rebuttal Testimony of Benjamin Halama at 27-29 (Oct. 10, 2025).

# MINNESOTA TIME OF USE RATE REPORTING STAKEHOLDER DISCUSSION – 2ND SESSION

August 6, 2025



# AGENDA

- |    |  |
|----|--|
| 01 | Introduction   |
| 02 | Review of Previous Meeting                               |
| 03 | Updates from Previous Meeting                            |
| 04 | Company Updated Reporting<br>Requirements Recommendation |
| 05 | Open Discussion  |





# INTRODUCTION





# REVIEW OF PREVIOUS MEETING



# JULY 9<sup>TH</sup>, 2025 MEETING RECAP: WHAT WE HEARD

**Bill Impact Analysis**

**Number of  
Disconnections**

**Low-income  
Participation at  
Census-Block Level**

**EV and Smart  
Thermostat Details**

**Space Heating Rate  
Participation and  
Consumption Data**

**Net  
Metering/Cogeneration  
Customers  
Participation and  
Consumption Data**

**Renters, Seniors, ECO  
Program Cross-tabs**

**Space Heating Rate  
Awareness**

**Future Resource  
Decision Analysis**

**Hourly Load Net of  
Renewables**

**Bill Protections**



# ADDITIONAL SUGGESTIONS?

## JULY 9<sup>TH</sup>, 2025 MEETING RECAP: WHAT WE HEARD

Bill Impact Analysis

Number of  
Disconnections

Low-income  
Participation at Census-  
Block Level

EV and Smart  
Thermostat Details

Space Heating Rate  
Participation and  
Consumption Data

Net  
Metering/Cogeneration  
Customers Participation  
and Consumption Data

Renters, Seniors, ECO  
Program Cross-tabs

Space Heating Rate  
Awareness

Future Resource  
Decision Analysis

Hourly Load Net of  
Renewables

Bill Protections





# UPDATES FROM PREVIOUS MEETING



# RECOMMENDATIONS ADDED TO OUR PROPOSED LIST

## **Space Heating Rate Customers**

**1**

Participation and consumption details for customers on the space heating rate as well as customers receiving heat pump rebates

## **Net Metering/Cogeneration Customers**

**2**

Participation and consumption details for participants in our net metering/cogeneration tariffs

## **Census-block Information**

**3**

Low-income participation at the census block level

## **Disconnections**

**4**

Number of disconnections among TOU rate customers, while acknowledging that it may be difficult to determine specific reason for disconnection

## **Space Heating Rate Awareness**

**5**

Customer awareness of space heating rate, including details about customers receiving heat pump rebates



# RECOMMENDATIONS NOT ADDED

## Bill Impact Analysis

Bill impact analysis not available with current billing system capabilities

- Commission did not require the development of a shadow billing system
- As required by order, Company will provide full assessment of developing shadow billing in first annual report.
- Customers will have opportunity to review a projection of potential cost based on their usage, on different rate options with the Rate Comparison Tool, serving the spirit of bill impact analysis

## Future Resource Decision Analysis

Residential TOU Rate will be a small portion, especially at launch, of a wider portfolio of potential resource impacts. Likely impact of Residential TOU will not have any impact on resource decisions until rate is at scale.

Impact of TOU rates will be factored into overall resource planning as discussed in other dockets (IRP and IDP)

- If that impact becomes material, we will identify that specifically, and are open to also reporting that impact in the TOU-specific annual reports

# RECOMMENDATIONS NOT ADDED

## Hourly Load Net of Renewables

Data for the system will be available within the regular IRP process. Would be redundant to provide in this filing as well.

We are open to including an hourly load net of renewables analysis with our fifth annual report to inform an evaluation of the current rate design.

## Additional Population Groupings

Company does not have additional groups, such as renters, EV drivers (unless on an EV program), smart thermostat, etc. linked to customer information

Customers in pilots were assigned to these grouping through surveys completed by our third-party consultant as a part of establishing the control and treatment groups

- No plan to continue extensive third-party analysis with this pilot





# **COMPANY UPDATED REPORTING REQUIREMENTS RECOMMENDATION**



# COMPANY EXPECTATIONS FOR REPORTING REQUIREMENTS

The Company has three main expectations that we used to develop our proposal

**1**

**Information is relevant to the topic at hand**

**2**

**Data for reporting is available in-house**

**3**

**Developing reporting requirement does not require a third-party analysis**



# REPORTING REQUIREMENT METRIC GROUPS

## Participation Metrics

1

- Reported Annually
- Overall customer base, low-income customers (*by census block grouping*), *space heating customers, and net metering customers*

## Peak Impact Metrics

2

- Reported annually and for each season
- Overall customer base and low-income customers

## Load Shifting Metrics

3

- Comparing to customer baseline data
- Reported annually
- Overall customer base

## Consumption Metrics

4

- Comparing to customer baseline data
- Reported annually
- Overall customer base, *low-income customers (by census block grouping)*, *space heating customers, and net metering customers*

## Customer Experience Metrics

5

- Based on customer survey responses and digital channel analytics
- Reported annually



# REPORTING REQUIREMENT PROPOSAL

## Participation Metrics (Reported Annually)

- Customers who opted into the TOU rate
  - Overall customer base, low-income customers (*by census block grouping*), *space heating customers*, and *net metering customers*
- Customers who left the TOU rate
  - Overall customer base, low-income customers (*by census block grouping*), *space heating customers*, and *net metering customers*
- *Customer Disconnections*
  - *Overall customer base, low-income customers (by census block grouping), space heating customers, and net metering customers*

## Peak Impact Metrics (Reported Annually and by Season)

- Minimum household peak impact
  - Overall customer base and low-income customers
- Maximum household peak impact
  - Overall customer base and low-income customers
- Average household peak impact
  - Overall customer base and low-income customers
- System Coincident Peak Impact of TOU customers



# REPORTING REQUIREMENT PROPOSAL

## Load Shifting Metrics (Reported Annually and by Season)

- % of load shifted to/from off-peak compared to historical customer load data
- % of load shifted to/from mid-peak compared to historical customer load data
- % of load shifted to/from on-peak compared to historical customer load data
- Load shifts observed in participating customers on TOU rate versus non-participants on standard residential rate

## Consumption Metrics (Reported Annually and by Season)

- Energy consumption impacts for off-peak period (compared to historical customer consumption data)
- Energy consumption impacts for mid-peak period (compared to historical customer consumption data)
- Energy consumption impacts for on-peak period (compared to historical customer consumption data)

**Note:** *Broken down by low-income customers (by census block grouping), space heating customers, and net metering customers*



# REPORTING REQUIREMENT PROPOSAL

## Customer Experience Metrics

- TOU Enrollees
  - Understanding of rate structure such as; peak periods and seasonality
  - Satisfaction with rate
  - *EV, smart thermostat cross-tabs (self-identified attributes)*
- General Population
  - Engagement metrics with digital tools intended to increase rate awareness, understanding, and choice
  - *Awareness of TOU.*
  - *Awareness of space heating rates, with best effort to include details about customers receiving heat pump rebates*





# OPEN DISCUSSION

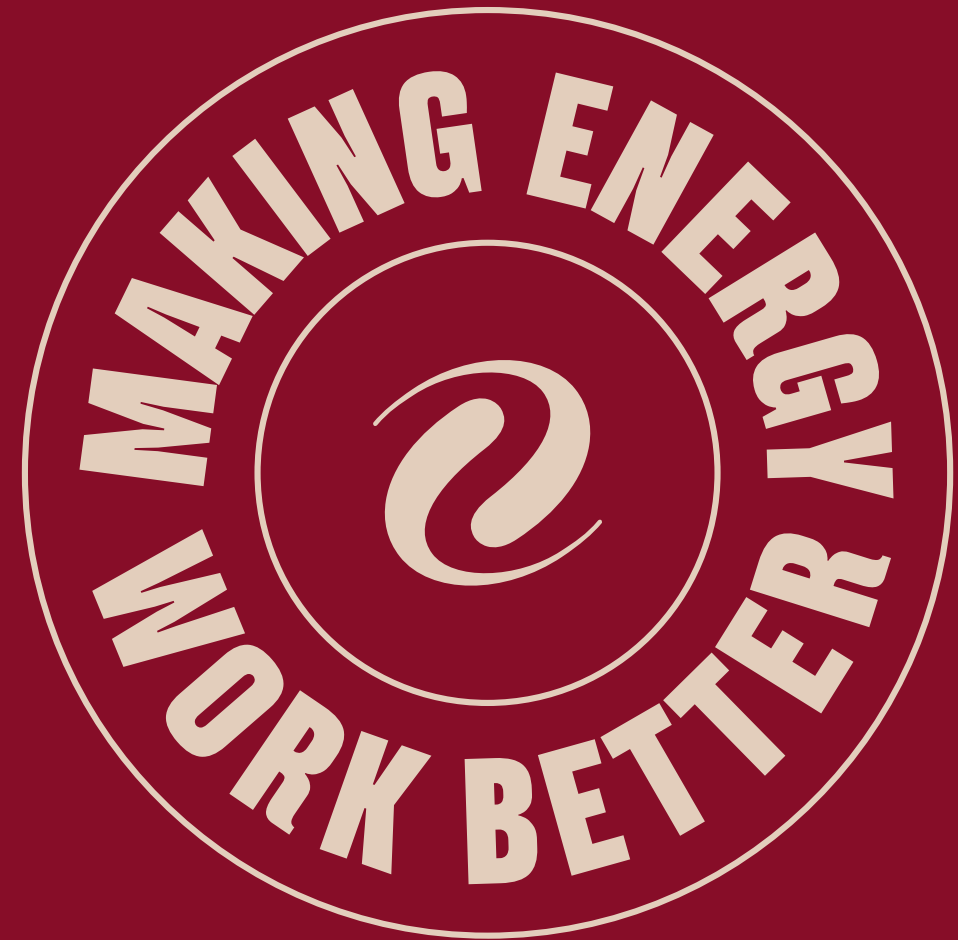


## **Additional Questions?**

**Please contact:**

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