



414 Nicollet Mall
Minneapolis, MN 55401

November 17, 2025

—Via Electronic Filing—

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

RE: REPLY COMMENTS
NEW BASE COST OF GAS
DOCKET NO. G002/MR-25-357

Dear Ms. Bergman:

Northern States Power Company, doing business as Xcel Energy, submits these Reply Comments in response to the November 12, 2025 Comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the above-referenced docket. In their Comments, the Department recommended that the Commission approve the Company's Base Cost of Gas Petition, subject to review of additional information requested in Reply Comments explaining how Xcel Energy calculated the demand gas costs including identification of the demand entitlement units that were used.

We appreciate the Department's review of our Petition. The Department asked that we explain the calculation of our demand costs and their relation to our annual contract demand entitlements (CD) filings. The Company calculated the demand costs for the Base Cost of Gas Petition based on the demand entitlement contracted rates and design day demand level units in the most recent CD filing.¹ However, the Base Cost of Gas Petition and the CD filing include demand costs of \$124.7 million and \$105.4 million, respectively. There are two main differences between the filings. First, the Base Cost of Gas includes demand costs of approximately \$14 million of interstate storage capacity costs. These costs are considered demand costs in the Company's budgeting process, from which the Base Cost of Gas is derived. However, the CD filing does not include these as demand costs. Instead, they are treated as commodity costs as ordered by the Commission.²

¹ Docket No. G002/M-25-67, August 1, 2025 Petition, Costs effective January 1, 2026.

² Docket Nos. G002/M-07-1395, G002/M-08-1315, G002/M-09-1287, G002/M-10-1163, G002/M-11-1076, G002/M-12-862, and G002/M-13-663, Item 4 in ORDER dated June 9, 2014.

The second major difference between the Base Cost of Gas and the CD filing is the timeframe covered. The CD filing in Docket No. G002/M-25-67 covers November 2025 through October 2026, while the Base Cost of Gas covers calendar year 2026. On July 1, 2025 Northern Natural Gas (Northern) filed a general section 4 rate case³ with the Federal Energy Regulatory Commission (FERC) to increase rates effective January 1, 2026. With the timing of the Northern rate increase, the Base Cost of Gas includes twelve (12) months at the higher rates, while the CD filing includes November and December 2025 at the former (lower) rates and 10 months at the higher rates. This is a difference of approximately \$4 million.

We agree to the Department's recommendation to provide updated cost of gas information in this docket and in Docket No. G002/GR-25-356, our companion natural gas rate case. In addition, we will work with Commission and Department staff to determine the timing and whether the updated information should be applied to our base cost of gas and our rate case.

We have electronically filed this document with the Commission, and copies have been served on the parties on the attached service lists. Please contact me at amber.r.hedlund@xcelenergy.com or Lynnette Sweet at lynnette.m.sweet@xcelenergy.com if you have any questions regarding this filing.

Sincerely,

/s/

AMBER R. HEDLUND
MANAGER, REGULATORY AFFAIRS

cc: Service List

³ RP25-989

CERTIFICATE OF SERVICE

I, Victor Barreiro, I have this day served copies of the foregoing document on the attached list of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States mail at Minneapolis, Minnesota

xx electronic filing

DOCKET No. G002/MR-25-357

Dated this 17th day of November 2025

/s/

Victor Barreiro
Regulatory Administrator

#	First Name	Last Name	Email	Organization	Agency	Address	Delivery Method	Alternate Delivery Method	View Trade Secret	Service List Name
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6	Matthew	Brodin	mbrodin@allete.com	Minnesota Power		30 West Superior Street Duluth MN, 55802 United States	Electronic Service		No	MR-25-357
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10	Generic	Commerce Attorneys	commerce.attorneys@ag.state.mn.us		Office of the Attorney General - Department of Commerce	445 Minnesota Street Suite 1400 St. Paul MN, 55101 United States	Electronic Service		Yes	MR-25-357
11	George	Crocker	gwillc@nawo.org	North American Water Office		5093 Keats Avenue Lake Elmo MN, 55042 United States	Electronic Service		No	MR-25-357
12	Richard	Dornfeld	richard.dornfeld@ag.state.mn.us		Office of the Attorney General - Department of Commerce	Minnesota Attorney General's Office 445 Minnesota Street, Suite 1800 Saint Paul MN, 55101 United States	Electronic Service		No	MR-25-357
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37	Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP		33 South Sixth St Ste 4200 Minneapolis MN, 55402 United States	Electronic Service		No	MR-25-357
38	Travis	Murray	travis.murray@ag.state.mn.us		Office of the Attorney General - Residential Utilities Division	445 Minnesota St Ste 1400 Saint Paul MN, 55101 United States	Electronic Service		No	MR-25-357
39	David	Niles	david.niles@avantenergy.com	Minnesota Municipal Power Agency		220 South Sixth Street Suite 1300 Minneapolis MN, 55402 United States	Electronic Service		No	MR-25-357
40	Samantha	Norris	samanthanorris@alliantenergy.com	Interstate Power and Light Company		200 1st Street SE PO Box 351 Cedar Rapids IA, 52406-0351 United States	Electronic Service		No	MR-25-357
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42	Catherine	Phillips	catherine.phillips@wecenergygroup.com	Minnesota Energy Resources		231 West Michigan St Milwaukee WI, 53203 United States	Electronic Service		No	MR-25-357
43	Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us		Office of the Attorney General - Residential Utilities Division	1400 BRM Tower 445 Minnesota St St. Paul MN, 55101-2131 United States	Electronic Service		Yes	MR-25-357
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