

February 26, 2018

Mr. Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 Seventh Place East, Suite 350
St. Paul, Minnesota 55101

RE: **Reply Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E002/M-17-775

Dear Mr. Wolf,

Attached please find the Reply Comments of the Minnesota Department of Commerce, (Department) in the above referenced docket.

The Department is available to answer any questions the Minnesota Public Utilities Commission (Commission) may have.

Sincerely,

/s/ SUSAN L. PEIRCE
Rates Analyst Coordinator

SLP/ja
Attachment



Before the Minnesota Public Utilities Commission

Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E002/M-17-775

I. BACKGROUND INFORMATION

On November 1, 2017, Northern States Power Company doing business as Xcel Energy (Xcel or the Company) filed a petition in Docket No. E002/M-17-775 requesting that the Minnesota Public Utilities Commission (Commission) do the following by June 1, 2018:

- Certify as a distribution project under Minnesota Statute §216B.2425 the Company's proposed residential time-of-use (TOU)¹ rate design pilot program (Pilot),
- Approve the Company's proposed implementation plan for the Pilot,
- Approve the Company's proposed tariff for the Pilot, and
- Approve the Company's proposed accounting treatment for the Pilot.

On February 5, 2018, parties to this proceeding filed initial comments. The Minnesota Department of Commerce (Department) offers the following reply comments.

II. DEPARTMENT ANALYSIS

The Department reviewed the comments on Xcel's proposed TOU Pilot and offers the following reply comments on Fresh Energy's recommendation to include net metered customers in the Pilot and to shift the on-peak period time from 3-7 pm to 2-6 pm. The Department also offers comment on the Residential Utilities and Anti-Trust Division of the Office of Attorney General's (OAG's) proposal to permit all self-identified low-income customers to receive the Company's proposed low-income bill protection.

¹ Time-of-use rates are energy charges that vary by hour, with hours grouped into categories such as on-peak, mid-peak, and off-peak.

A. FRESH ENERGY PROPOSALS

1. On-Peak Period

Fresh Energy recommends approval of Xcel's proposed TOU Pilot with a modification to the on-peak period from 3 to 7 pm to 2 to 6 pm. The goal of the Pilot is to test residential customer responsiveness to price signals. The Department expects that either proposed on-peak period would result in some customer response. Additionally, the Department expects that one of the purposes of the Pilot is to assess the appropriate time periods in which to apply the various rates, and to adjust those periods based on the outcomes of the Pilot. Consequently, the Department is indifferent to whether the Commission sets the on-peak period from 2 to 6 pm or 3 to 7 pm.

2. Net-Metered Customers

Customers with net-metered distributed generation facilities such as rooftop solar installations are among the groups that Xcel proposes to exclude from TOU Pilot participation. Net-metered customers are paid for their excess generation (net of their usage) at the retail rate. Xcel states that it has excluded net-metered customers from its TOU Pilot because of billing system limitations. The Department does not support inclusion of net metered DG customers in the Pilot because the number of such customers may be small enough that meaningful information will not be available, and most importantly because of potential rate impacts.

In its comments, the OAG recommended the Company be required to investigate inclusion of net metering customers under the TOU rate proposal in the future, and be directed to "consider the ways that net metering customers are different from standard-service customers, the potential growth of the net metering customer base, the interaction between new technologies (such as home storage) with a time-varying rate, and the enrollment method that should be used for net metering customers."² The Department supports the OAG's recommendation that future inclusion of net metered customers be more fully explored. The Department adds that consideration of the rate impact of the proposed net metered rates relative to both the existing standard rates and the value of solar rates needs to be considered in any such evaluation.

B. OAG RECOMMENDATION

As part of its Pilot, Xcel proposes to provide bill protection to participants receiving payments from the Low-Income Home Energy Assistance Program (LIHEAP) by limiting the bill impact to

² OAG Initial Comments, p. 24.

the amount a customer would pay under the standard rates during the first year of the Pilot, and to an annual increase of 10 percent over standard rates during the second year. The OAG proposed that Xcel extend this bill protection to customers who self-identify as meeting the LIHEAP income guidelines, not just to those participating and receiving benefits under LIHEAP. The Department sees some benefit in evaluating self-identified low-income customers. Additional income protection for these customers may result in continued participation from customers who would otherwise opt out of the Pilot. The Department does not object to the OAG's proposal and agrees that self-identified low-income customers should be tracked and studied separately from LIHEAP participants.

III. DEPARTMENT RECOMMENDATIONS

The Department recommends that the Commission approve Xcel's proposed TOU Pilot. In its initial comments, the Department requested additional information from the Company. The Department may offer additional recommendations upon review of Xcel's reply comments.

/ja

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Reply Comments**

Docket No. E002/M-17-775

Dated this 26th day of February 2018

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
David	Aafedt	daafedt@winthrop.com	Winthrop & Weinstine, P.A.	Suite 3500, 225 South Sixth Street Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_17-775_M-17-775
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	No	OFF_SL_17-775_M-17-775
Alison C	Archer	aarcher@misoenergy.org	MISO	2985 Ames Crossing Rd Eagan, MN 55121	Electronic Service	No	OFF_SL_17-775_M-17-775
Mara	Ascheman	mara.k.ascheman@xcelenenergy.com	Xcel Energy	414 Nicollet Mall Fl 5 Minneapolis, MN 55401	Electronic Service	No	OFF_SL_17-775_M-17-775
Andrew	Bahn	Andrew.Bahn@state.mn.us	Public Utilities Commission	121 7th Place E., Suite 350 St. Paul, MN 55101	Electronic Service	No	OFF_SL_17-775_M-17-775
Ryan	Barlow	Ryan.Barlow@ag.state.mn.us	Office of the Attorney General-RUD	445 Minnesota Street Bremer Tower, Suite 1400 St. Paul, Minnesota 55101	Electronic Service	No	OFF_SL_17-775_M-17-775
James J.	Bertrand	james.bertrand@stinson.com	Stinson Leonard Street LLP	50 S 6th St Ste 2600 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-775_M-17-775
Brenda A.	Bjorklund	brenda.bjorklund@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-775_M-17-775
William A.	Blazar	bblazar@mnchamber.com	Minnesota Chamber Of Commerce	Suite 1500 400 Robert Street North St. Paul, MN 55101	Electronic Service	No	OFF_SL_17-775_M-17-775
James	Canaday	james.canaday@ag.state.mn.us	Office of the Attorney General-RUD	Suite 1400 445 Minnesota St. St. Paul, MN 55101	Electronic Service	No	OFF_SL_17-775_M-17-775

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Jeanne	Cochran	Jeanne.Cochran@state.mn.us	Office of Administrative Hearings	P.O. Box 64620 St. Paul, MN 55164-0620	Electronic Service	No	OFF_SL_17-775_M-17-775
John	Coffman	john@johncoffman.net	AARP	871 Tuxedo Blvd. St. Louis, MO 63119-2044	Electronic Service	No	OFF_SL_17-775_M-17-775
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_17-775_M-17-775
Corey	Conover	corey.conover@minneapolismn.gov	Minneapolis City Attorney	350 S. Fifth Street City Hall, Room 210 Minneapolis, MN 554022453	Electronic Service	No	OFF_SL_17-775_M-17-775
Carl	Cronin	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_17-775_M-17-775
Joseph	Dammel	joseph.dammel@ag.state.mn.us	Office of the Attorney General-RUD	Bremer Tower, Suite 1400 445 Minnesota Street St. Paul, MN 55101-2131	Electronic Service	No	OFF_SL_17-775_M-17-775
James	Denniston	james.r.denniston@xcelenergy.com	Xcel Energy Services, Inc.	414 Nicollet Mall, Fifth Floor Minneapolis, MN 55401	Electronic Service	No	OFF_SL_17-775_M-17-775
Ian	Dobson	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130	Electronic Service	Yes	OFF_SL_17-775_M-17-775
John	Farrell	jfarrell@ilsr.org	Institute for Local Self-Reliance	1313 5th St SE #303 Minneapolis, MN 55414	Electronic Service	No	OFF_SL_17-775_M-17-775

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_17-775_M-17-775
Stephen	Fogel	Stephen.E.Fogel@XcelEnergy.com	Xcel Energy Services, Inc.	816 Congress Ave, Suite 1650 Austin, TX 78701	Electronic Service	No	OFF_SL_17-775_M-17-775
Edward	Garvey	edward.garvey@AESLconsulting.com	AESL Consulting	32 Lawton St Saint Paul, MN 55102-2617	Electronic Service	No	OFF_SL_17-775_M-17-775
Janet	Gonzalez	Janet.gonzalez@state.mn.us	Public Utilities Commission	Suite 350 121 7th Place East St. Paul, MN 55101	Electronic Service	No	OFF_SL_17-775_M-17-775
Kimberly	Hellwig	kimberly.hellwig@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-775_M-17-775
Michael	Hoppe	il23@mtn.org	Local Union 23, I.B.E.W.	932 Payne Avenue St. Paul, MN 55130	Electronic Service	No	OFF_SL_17-775_M-17-775
Julia	Jazynka	jjazynka@energyfreedomcoalition.com	Energy Freedom Coalition of America	101 Constitution Ave NW Ste 525 East Washington, DC 20001	Electronic Service	No	OFF_SL_17-775_M-17-775
Alan	Jenkins	aj@jenkinsatlaw.com	Jenkins at Law	2265 Roswell Road Suite 100 Marietta, GA 30062	Electronic Service	No	OFF_SL_17-775_M-17-775
Linda	Jensen	linda.s.jensen@ag.state.mn.us	Office of the Attorney General-DOC	1800 BRM Tower 445 Minnesota Street St. Paul, MN 551012134	Electronic Service	No	OFF_SL_17-775_M-17-775

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Richard	Johnson	Rick.Johnson@lawmoss.com	Moss & Barnett	150 S. 5th Street Suite 1200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-775_M-17-775
Sarah	Johnson Phillips	sarah.phillips@stoel.com	Stoel Rives LLP	33 South Sixth Street Suite 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-775_M-17-775
Dan	Juhl	djuhl@juhlenergy.com	Juhl Energy Inc.	1502 17th St SE Pipestone, MN 56164	Electronic Service	No	OFF_SL_17-775_M-17-775
Mark J.	Kaufman	mkaufman@ibewlocal949.org	IBEW Local Union 949	12908 Nicollet Avenue South Burnsville, MN 55337	Electronic Service	No	OFF_SL_17-775_M-17-775
Thomas	Koehler	TGK@IBEW160.org	Local Union #160, IBEW	2909 Anthony Ln St Anthony Village, MN 55418-3238	Electronic Service	No	OFF_SL_17-775_M-17-775
Michael	Krikava	mkrikava@briggs.com	Briggs And Morgan, P.A.	2200 IDS Center 80 S 8th St Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-775_M-17-775
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	OFF_SL_17-775_M-17-775
Peder	Larson	plarson@larkinhoffman.com	Larkin Hoffman Daly & Lindgren, Ltd.	8300 Norman Center Drive Suite 1000 Bloomington, MN 55437	Electronic Service	No	OFF_SL_17-775_M-17-775
Paula	Maccabee	Pmaccabee@justchangela.w.com	Just Change Law Offices	1961 Selby Ave Saint Paul, MN 55104	Electronic Service	No	OFF_SL_17-775_M-17-775
Peter	Madsen	peter.madsen@ag.state.mn.us	Office of the Attorney General-DOC	Bremer Tower, Suite 1800 445 Minnesota Street St. Paul, Minnesota 55101	Electronic Service	No	OFF_SL_17-775_M-17-775

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Kavita	Maini	kmaini@wi.rr.com	KM Energy Consulting LLC	961 N Lost Woods Rd Oconomowoc, WI 53066	Electronic Service	No	OFF_SL_17-775_M-17-775
Pam	Marshall	pam@energycents.org	Energy CENTS Coalition	823 7th St E St. Paul, MN 55106	Electronic Service	No	OFF_SL_17-775_M-17-775
Mary	Martinka	mary.a.martinka@xcelenergy.com	Xcel Energy Inc	414 Nicollet Mall 7th Floor Minneapolis, MN 55401	Electronic Service	Yes	OFF_SL_17-775_M-17-775
Brian	Meloy	brian.meloy@stinson.com	Stinson, Leonard, Street LLP	50 S 6th St Ste 2600 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-775_M-17-775
Joseph	Meyer	joseph.meyer@ag.state.mn.us	Office of the Attorney General-RUD	Bremer Tower, Suite 1400 445 Minnesota Street St Paul, MN 55101-2131	Electronic Service	No	OFF_SL_17-775_M-17-775
David	Moeller	dmoeller@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022093	Electronic Service	No	OFF_SL_17-775_M-17-775
Andrew	Moratzka	andrew.moratzka@stoel.com	Stoel Rives LLP	33 South Sixth St Ste 4200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-775_M-17-775
David	Niles	david.niles@avantenergy.com	Minnesota Municipal Power Agency	220 South Sixth Street Suite 1300 Minneapolis, Minnesota 55402	Electronic Service	No	OFF_SL_17-775_M-17-775
Will	Nissen	nissen@fresh-energy.org	Fresh Energy	408 St. Peter Street Ste 220 Saint Paul, MN 55102	Electronic Service	No	OFF_SL_17-775_M-17-775
Carol A.	Overland	overland@legalectric.org	Legalelectric - Overland Law Office	1110 West Avenue Red Wing, MN 55066	Electronic Service	No	OFF_SL_17-775_M-17-775

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Jeff	Oxley	jeff.oxley@state.mn.us	Office of Administrative Hearings	600 North Robert Street St. Paul, MN 55101	Electronic Service	No	OFF_SL_17-775_M-17-775
Kevin	Reuther	kreuther@mncenter.org	MN Center for Environmental Advocacy	26 E Exchange St, Ste 206 St. Paul, MN 551011667	Electronic Service	No	OFF_SL_17-775_M-17-775
Richard	Savelkoul	rsavelkoul@martinsquires.com	Martin & Squires, P.A.	332 Minnesota Street Ste W2750 St. Paul, MN 55101	Electronic Service	No	OFF_SL_17-775_M-17-775
Inga	Schuchard	ischuchard@larkinhoffman.com	Larkin Hoffman	8300 Norman Center Drive Suite 1000 Minneapolis, MN 55437	Electronic Service	No	OFF_SL_17-775_M-17-775
Janet	Shaddix Elling	jshaddix@janetshaddix.com	Shaddix And Associates	7400 Lyndale Ave S Ste 190 Richfield, MN 55423	Electronic Service	Yes	OFF_SL_17-775_M-17-775
Zeviel	Simpser	zsimpser@briggs.com	Briggs and Morgan PA	2200 IDS Center80 South Eighth Street Minneapolis, MN 554022157	Electronic Service	No	OFF_SL_17-775_M-17-775
Ken	Smith	ken.smith@districtenergy.com	District Energy St. Paul Inc.	76 W Kellogg Blvd St. Paul, MN 55102	Electronic Service	No	OFF_SL_17-775_M-17-775
Peggy	Sorum	peggy.sorum@centerpointenergy.com	CenterPoint Energy	505 Nicollet Mall Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-775_M-17-775
Byron E.	Starns	byron.starns@stinson.com	Stinson Leonard Street LLP	50 S 6th St Ste 2600 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-775_M-17-775

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
James M.	Strommen	jstrommen@kennedy-graven.com	Kennedy & Graven, Chartered	470 U.S. Bank Plaza 200 South Sixth Street Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-775_M-17-775
Eric	Swanson	eswanson@winthrop.com	Winthrop & Weinstine	225 S 6th St Ste 3500 Capella Tower Minneapolis, MN 554024629	Electronic Service	No	OFF_SL_17-775_M-17-775
Lisa	Veith	lisa.veith@ci.stpaul.mn.us	City of St. Paul	400 City Hall and Courthouse 15 West Kellogg Blvd. St. Paul, MN 55102	Electronic Service	No	OFF_SL_17-775_M-17-775
Samantha	Williams	swilliams@nrdc.org	Natural Resources Defense Council	20 N. Wacker Drive Ste 1600 Chicago, IL 60606	Electronic Service	No	OFF_SL_17-775_M-17-775
Joseph	Windler	jwindler@winthrop.com	Winthrop & Weinstine	225 South Sixth Street, Suite 3500 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-775_M-17-775
Cam	Winton	cwinton@mnchamber.com	Minnesota Chamber of Commerce	400 Robert Street North Suite 1500 St. Paul, Minnesota 55101	Electronic Service	No	OFF_SL_17-775_M-17-775
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_17-775_M-17-775
Jeff	Zethmayr	jzethmayr@citizensutilityboard.org	Citizens Utility Board	309 W. Washington, Ste 800 Chicago, IL 60606	Electronic Service	No	OFF_SL_17-775_M-17-775
Patrick	Zomer	Patrick.Zomer@lawmoss.com	Moss & Barnett a Professional Association	150 S. 5th Street, #1200 Minneapolis, MN 55402	Electronic Service	No	OFF_SL_17-775_M-17-775