



414 Nicollet Mall  
Minneapolis, MN 55401

May 2, 2022

—Via Electronic Filing—

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

RE: REPLY COMMENTS  
TRANSMISSION COST RECOVERY RIDER  
DOCKET NOS. E002/M-21-814 AND E002/M-20-680

Dear Mr. Seuffert:

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this letter in response to the Commission's February 7, 2022 NOTICE and subsequent extension notices in the above-referenced dockets. With this letter, we inform the Commission that the Minnesota Department of Commerce and Xcel Energy have agreed on a recommended procedural path for review of the Company's 2021 Transmission Cost Recovery (TCR) Rider Petition. Below, we present the terms of this agreement and respectfully request Commission approval of this joint procedural proposal.

As background, the Commission certified the Advanced Metering Infrastructure (AMI) and Field Area Network (FAN) components of our Advanced Grid Intelligence and Security (AGIS) initiative in its July 23, 2020 Order – and in the last week, the Company began deploying AMI meters to its Minnesota customers. The Company submitted its request for cost recovery for AMI, FAN, and several other grid modernization investments in its November 24, 2021 TCR Petition. The Commission's Notice of Comment Period on the Company's Petition established two comment processes, with comments on scoping and procedures related to the AGIS aspects of the Company's 2021 TCR Petition due first, followed by comments on the merits of the Company's Petition. The Company and the Department both submitted Comments on the AGIS-related procedural questions of the Commission's Notice on March 30, 2022. Our Comments recommended a

standard comments and replies processes, with an extended initial comments timeframe. We identified a revenue recognition issue that would occur for 2020 and 2021 AMI and FAN costs if an affirmative Commission decision were not made by December 31, 2022. We also indicated preliminary discussions with the Department regarding an alternative procedural approach were underway, but that we were not able to come to an agreement in advance of the filing.

The Department's Comments recommended significant additional procedural process, and that the Commission suspend all further procedure on the merits of the Company's 2021 TCR Petition until it considers the incoming comments and determines a procedural path for the Company's AGIS-related costs.<sup>1</sup> The Department also acknowledged the narrow 2020-2021 AMI and FAN revenue recognition issue and supported a decision on it before December 31, 2022. The Commission's April 4, 2022 Notice suspending the comments process on the merits of the Company's Petition also acknowledged that there was some agreement between the Company and the Department regarding a decision on recovery of the Company's 2020 and 2021 costs by December 31, 2022. On April 8, 2022, the Department submitted a request for an extension to file Reply Comments because at that time, discussions between the Company and the Department were ongoing, and additional time was needed to explore whether we could narrow issues of contention and reach agreement on a procedural path.

We are happy to report that we and the Department worked collaboratively and have reached a mutually agreeable procedural recommendation for consideration of our 2021 TCR Petition. We appreciate the additional time granted, and the Department's engagement toward a constructive proposal with the Company, which included a working session between Department staff, its consultant Synapse Energy Economics, and Xcel Energy subject matter experts. The result of our joint efforts is a constructive proposal that: (1) does not bifurcate consideration of our grid modernization investments, (2) proposes that the current TCR proceeding continue under a comments and replies process for a miscellaneous filing, but with modifications to incorporate a supplemental filing by the Company and a series of technical workshops, and (3) allows for a Commission determination, subject to true-up, on the Company's 2020-2021 AMI and FAN revenue requirements by December 31, 2022.

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<sup>1</sup> The Department also made a request for suspension of further procedure in its March 24, 2022 Letter.

## Procedural Agreement

The Department and the Company are in agreement that consideration of the merits of all components of the Company's TCR Petition should continue in the present docket using the Commission's existing, robust miscellaneous filing procedures, subject to the following:

- Xcel Energy will supplement the record with additional information that comprehensively summarizes the Company's AMI and FAN plans and correlates the Company's filed information to the Synapse Completeness Review reflective of the recommended initial filing requirements from the Guidance Document attached to the Department's March 30, 2022 Comments in this proceeding.
  - Xcel Energy and the Department agree to continue to work collaboratively toward a mutual understanding of the Synapse Completeness Review that stemmed from the Department's Guidance Document, including its recommended initial filing requirements.
  - Xcel Energy will make its best effort to meet the spirit of the Completeness Review, to the extent practicable. In doing so, Xcel Energy is not accepting the Department's Guidance Document as explained in its prior comments in this proceeding.
- Xcel Energy's position regarding the Department's Guidance Document notwithstanding, the Company is committed to providing all information the Synapse Completeness Review indicates is required in order to evaluate the Company's grid modernization costs, to the extent practicable. To the extent that information cannot be provided, the Company will explain why.
- The Department withholds a determination of merit on the Company's proposal until it has reviewed the supplemental filing in the context of the full record.
- Xcel Energy will hold public technical workshops regarding its AMI and FAN projects similar to the workshops it proposed in its August 28, 2020 Procedural Paths Compliance Filing in Docket No. E002/M-20-680.<sup>2</sup> Those topics are generally:
  - AMI and FAN Technologies

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<sup>2</sup> See Xcel Energy Compliance Filing at pages 3-7 at: <https://efiling.web.commerce.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId=%7bD0F33674-0000-CA1C-BF4E-78D8FD2371B2%7d&documentTitle=20208-166259-01>

- Advanced Grid Customer Strategy and Roadmap
- AMI and FAN Financials, Cost-Benefit Analysis, and Estimated Customer Cost Impacts, and Proposed Reporting
- Xcel Energy will additionally clarify or supplement the record for its Advanced Distribution Management System (ADMS) with information about how the ADMS implementation is going, how the Company is using ADMS, the benefits or efficiencies being realized, and the synergies ADMS has with other current or planned grid modernization investments, particularly AMI and FAN. To the extent any benefits cannot be practicably quantified, the Company will explain why.
- If Xcel Energy and the Department cannot come to a mutual understanding or agreement regarding the quality and type of information the Company provides in the supplemental filing, Xcel Energy will include the information it believes meets the Commission’s requirements in its Supplement and explain its reasoning. The Department will consider that information in its evaluation of the merits of the Company’s TCR Petition and respond accordingly in its Comments.

*Proposed Procedural Timeline*

- **Commission determination on procedural path** – the Department and Xcel Energy request a determination as soon as practicable.
- **Xcel Energy Supplement** – submitted within 90 days after a Commission determination on the procedural path.
- **Xcel Energy Technical Workshops** – complete within 30 days after its Supplement is submitted.
- **Party Comments on the merits of the Company’s TCR Petition (in its entirety)** – 60 days after the Company’s Supplement is filed.
- **Xcel Energy Reply Comments** – 30 days.

*2020 and 2021 AMI and FAN Revenue Requirements*

To the extent the entirety of the Company’s TCR Petition will not be considered by the Commission before December 31, 2022, as previously included in both the Department’s and the Company’s Comments in this proceeding, we jointly request the Commission to affirmatively approve the Company’s recovery of its 2020 and 2021 AMI and FAN revenue requirements by the end of December 2022, subject to true-up in conjunction with the Commission’s overall determination of revenue

requirements on the Company's 2021 TCR Petition.

Together with the Department, we respectfully request the Commission approve the above terms of the procedural agreement between the Department and Xcel Energy, including the proposed procedural timeline, and the Company's 2020 and 2021 AMI and FAN revenue requirements no later than December 31, 2022, subject to true-up, if Commission consideration of the Company's full 2021 TCR Petition will extend into 2023.

We have electronically filed this document with the Minnesota Public Utilities Commission and copies have been served on the parties on the attached service lists. Please contact me at [bria.e.shea@xcelenergy.com](mailto:bria.e.shea@xcelenergy.com) or (612) 330-6064 or Jody Londo at [jody.l.londo@xcelenergy.com](mailto:jody.l.londo@xcelenergy.com) or (612) 330-5601 if you have any questions regarding this filing.

Sincerely,

/s/

BRIA E. SHEA  
DIRECTOR, REGULATORY & STRATEGIC ANALYSIS

c: Service List