



414 Nicollet Mall
Minneapolis, Minnesota 55401

August 25, 2022

—VIA ELECTRONIC FILING—

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

RE: LATE-FILED LETTER
RENEWABLE ENERGY STANDARD RIDER
DOCKET NO. E002/M-21-794

Dear Mr. Seuffert:

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission this late-filed Letter regarding our Renewable Energy Standard (RES) Rider and proposed RES adjustment factor scheduled for Commission hearing on September 1, 2022.

During the Company's recent years of significant wind expansion and growing capital costs, our RES Rider proceedings have experienced regulatory lag that resulted in growing year-over-year carryover tracker balances. The Commission and the Department have managed a significant workload during this time and we appreciate the considerable efforts needed to thoroughly review the numerous regulatory filings before the Commission in a timely manner. Due to the timing of the implementation of the 2021 rate, the Company's proposed 2022 revenue requirement in the pending RES Rider docket includes a carryover balance from 2021 of \$154.3 million, which is more than half of the total requested \$263.3 million revenue requirement. To collect all costs in the RES Rider tracker balance, including the large carryover, the Company proposed a 2022 rate of 12.325%, which is an increase over the current rate of 9.765%.

Although recovering the carryover balance is needed to address these timing issues, we also recognize that implementation of the proposed rate increase at this time could result in unwanted rate volatility. That is particularly true in light of a potential second-year interim rate increase in 2023 in the Company's pending

electric rate case.¹ To better insulate customers from such rate volatility, therefore, we are writing to note that we would support a Commission decision in this docket that (1) approves our 2022 RES Rider Revenue Requirements of \$263.3 million, but (2) allows the Company to leave the current RES Rider rate of 9.765% in place, rather than increasing to 12.325%.

While we continue to forecast a carryover balance at the end of 2022 if the current rate remains in place through the end of 2022, we also now forecast that, even without a rate change at this time, our proposed 2023 RES Rider rate would be *less* than the 9.765% rate currently in place. In other words, we are currently forecasting that we will be able to recover our RES Rider-eligible costs while leaving the current rate in place, preventing a rate increase and providing better rate stability for our customers.

The Company proposes the following decision option to reflect our proposal to leave the current RES Rider rate in place, which would replace Decision Options 2, 3, and 4 in Staff Briefing Papers:

- 4A. Approve Xcel Energy's 2022 RES Rider revenue requirements of \$263.3 million as updated in reply comments and allow the Company to keep the current adjustment factor of 9.765% in place.

The Company further notes that adoption of our recommended decision option 4A effectively resolves the issue of when to implement the new rate factor as presented in Decision Options 11 and 12. We acknowledge that without a rate change implementation during the 2022 test period, the proration of accumulated deferred income taxes (ADIT) is not necessary in 2022.

We anticipate filing our next RES Rider Petition requesting 2023 revenue requirements this Fall.

We submit this letter pursuant to Minn. Stat. § 7829.0420 as a late filing. The Company's analysis leading to the proposal laid out in this filing was performed only recently after we observed actual data showing a decrease in the tracker balance over the past several months. We respectfully request the Commission to accept this letter into the record as a late filing and consider our proposal.

Pursuant to Minn. Stat. § 216.17, subd. 3, we have electronically filed this document and served copies on the parties on the attached service list. If you have any questions regarding this filing please contact Sean Dornseif at

¹ Docket No. E002/GR-21-630

sean.p.dornseif@xcelenergy.com or me at (612) 330-5941 or
holly.r.hinman@xcelenergy.com.

Sincerely,

/s/

HOLLY HINMAN
REGULATORY MANAGER

Enclosures

c: Service List

CERTIFICATE OF SERVICE

I, Christine Schwartz, hereby certify that 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. E002/M-21-794

Dated this 25th day of August 2022

/s/

Christine Schwartz

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