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January 24, 2024

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

Re: *In the Matter of Xcel Energy's 2023 Integrated Distribution Plan and Transportation-Electrification Plan*
Docket No. E-002/M-23-452

Dear Mr. Seuffert:

The Office of the Attorney General – Residential Utilities Division (OAG) submits this letter in response to Xcel Energy's January 10, 2024 reply comments regarding the utility's transportation electrification plan (TEP). Xcel's reply comments fail to address many of the OAG's arguments and recommendations from initial comments. To the extent that Xcel does reply to the OAG's arguments, the OAG responds below. For the reasons discussed below and in the OAG's initial comments, the Commission should adopt the recommendations set forth in the OAG's initial comments.

1. Aircraft Should Be Removed from the List of Eligible “Vehicles” Under the Company's Electric Vehicle (EV) Accelerate-At-Home Offerings, as Should the Provision for “Three-Phase Upgrades.”

The OAG appreciates Xcel's agreement to remove aircraft from the list of eligible electric vehicles under its EV Accelerate-at-Home family of offerings, and the Commission should approve this change. Xcel's reply comments do not, however, address the OAG's related recommendation to remove provisions that allow for customers to request three-phase upgrades for home charging.¹ Xcel has not explained why three-phase upgrades would be necessary for ordinary home-charging needs. Given Xcel's related proposal to waive contribution-in-aid-of-construction (CIAC) charges for Accelerate-at-Home customers, it is critical that the provision for three-phase upgrades be removed so that ratepayers do not end up subsidizing unusual and costly home-charging upgrades.

¹ See [OAG Initial Comments](#) at 14, 30–31 (recommending that provision allowing for three-phase and other upgrades “in accordance with Company service regulations” be stricken from EV accelerate-at-home tariff due to Xcel's CIAC-waiver proposal).

2. The TEP Statute Does Not Authorize Treating Rebates as a Capital Asset, and Capitalizing Home-Wiring Rebates Would Burden Low- and Middle-Income Ratepayers to Enrich Utility Shareholders.

In initial Comments, the OAG recommended that the Commission not allow Xcel to capitalize the cost of the utility's proposed home-wiring rebates. Xcel argues that the TEP statute grants the Commission authority to approve a rate of return on rebate expenses. Xcel is incorrect.

The TEP statute allows the Commission to approve recovery of the costs of administering and implementing a transportation electrification plan, including rebates for the installation of electric vehicle infrastructure.² The statute also provides for recovery of "an appropriate rate of return."³ The statute does not, however, link "an appropriate rate of return" to rebates—or to operating expenses generally. Under standard accounting and ratemaking practice, a return is only "appropriate" for investments in utility infrastructure and other items that are of a capital nature.⁴ The statute does not purport to change this, and the Commission should continue its practice of treating rebates as an ordinary operating expense.⁵

Even if the TEP statute did allow for capitalizing rebates, the Commission should decline to exercise this discretionary authority for Xcel's proposed home-wiring rebates. As explained in the OAG's initial comments, these rebates would create a regressive subsidy by allowing higher-income households to access up to \$1,200 to rewire their homes for Level 2 charging. These rebates—and any system upgrades needed to accommodate the associated load⁶—would be funded entirely by ratepayers. Xcel's proposal to have ratepayers also fund a *return* on the rebate expense would further increase these costs and would, in essence, reward Xcel for doing something the utility should already have plenty of incentive to do: increase its sales and rate base.

² Minn. Stat. § 216B.1615, subd. 4 (2023).

³ *Id.*

⁴ See Jim Lazar, Regul. Assist. Project, *Electricity Regulation in the US: A Guide* 51 (2d ed. 2016), <https://www.raponline.org/wp-content/uploads/2023/09/rap-lazar-electricity-regulation-US-june-2016.pdf> (stating that property on which utility is allowed a return includes "all long-lived investments made by the utility to serve consumers," such as "buildings, power plants, fleet vehicles, office furniture, poles, wires, transformers, pipes, computers, and computer software"); *Nw. Bell Tel. Co. v. State*, 253 N.W.2d 815, 818 (Minn. 1977) ("In the context of public utility regulation, 'rate base' represents the total investment in, or fair value of, the facilities of a utility employed in providing its service. Not all of the property owned by a utility is necessarily includable in its rate base; the property generally must be used to help provide the service offered by the utility.").

⁵ See, e.g., *In re Petition for Approval of Minnesota Power's Portfolio of Electric Vehicle Programs*, Docket No. E-015/M-20-638, Order Approving Proposals with Modifications at 7 (Apr. 1, 2021) (approving EV-charger rebates without a return). Utility rebates provided through conservation-improvement programs are also recovered without a return.

⁶ See [OAG Initial Comments](#) at 14–24 (discussing Xcel's CIAC-waiver proposal).

Xcel also doubles down on its choice to use overinclusive geographic criteria to determine eligibility for the \$1,200 rebates, framing geographic criteria as furthering the cause of equity.⁷ Xcel ignores that basing eligibility *solely* on the fact that a customer owns property in a historically disadvantaged community could allow gentrifiers to obtain a \$1,200 rebate at ratepayers' expense. In fact, this result is exceedingly likely because a customer's ability to use a rebate depends on the customer making an expensive vehicle purchase that only higher-income households will be able to afford. If the Commission allows Xcel to offer rebates at all, it should close this loophole by limiting rebates to verified low-income customers.

3. Xcel's CIAC-Waiver Tariff Proposal Would Create an Unreasonable Rate Preference in Favor of Higher-Income Customers.

The OAG's initial comments demonstrate that the Commission should reject Xcel's proposed tariff changes that would exempt electric-vehicle owners from cost-sharing requirements (known as contributions in aid of construction, or CIAC) that apply to all other utility customers. In response, Xcel relies on the Commission's approval of Xcel's informal, nontariffed policy, while ignoring that the Commission also (1) directed Xcel to file proposed tariff revisions for the Commission's review and (2) expressed interest in better understanding how the CIAC-waiver policy is being implemented. Xcel's failure to justify its tariff proposal is fatal, and the proposal should be rejected.

Xcel's tariff proposal is not consistent with how the utility previously described its informal policy: as protecting EV owners from having to pay for transformer upgrades. In addition to transformer costs, Xcel now *additionally* proposes to exempt EV owners from excess-footage, winter-construction, and unusual-installation charges. As explained in the OAG's initial comments, these types of charges have no relationship to EV load *per se*. And there is no evidence that these charges have been a barrier to EV owners' participating in time-varying rates. If CIAC have not prevented EV owners from participating in time-varying rates, then waiving CIAC would create additional ratepayer burdens with no benefit. For these reasons, Xcel's proposal would grant an unreasonable rate preference to EV owners.

Given the Commission's interest in learning more about Xcel's CIAC-waiver policy, the OAG sent Xcel discovery to try to understand its impact. The utility at first declined to answer but ultimately provided some information about CIAC charged to customers since 2018. While Xcel provided details about CIAC actually charged, it did not provide any documentation of CIAC waivers because Xcel apparently does not keep track of waivers.⁸ As a result, the Commission lacks a record of how Xcel's CIAC-waiver policy is being implemented or what its impact has been on ratepayers.

⁷ See Xcel Reply Comments at 4 (arguing that it chose "eligibility criteria that are easy to determine and would not create additional burdens, barriers, and confusion when lower-income and environmentally-impacted customers attempt to enroll").

⁸ See Xcel's PUBLIC Supplemental Responses to OAG IR Nos. 18–21, attached.

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For these reasons and the reasons described in the OAG's initial comments, Xcel's CIAC-waiver proposal is fundamentally unfair and should be rejected. If, however, the Commission approves a waiver of Xcel's longstanding CIAC tariff, the Commission should also require Xcel to begin tracking information about CIAC waivers so that the ratepayer impact of this policy can be determined.

Sincerely,

/s/ **Peter G. Scholtz**

PETER G. SCHOLTZ

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Xcel Energy	Information Request No.	18
Docket No.: E002/M-23-452	SUPPLEMENT	
Response To: Office of the Attorney General		
Requestor: Peter Scholtz		
Date Received: December 1, 2023		

Question:

Topic: Waiver of Excess-Footage Charges.

Reference: Appendix H13.

Xcel proposes not to charge EV customers for the portion of residential service extensions exceeding 100 feet or for the portion of nonresidential service extensions that exceed 3.5 times the customer's expected annual revenues excluding fuel-cost-related revenue.

1. Explain how the 100-foot residential threshold was determined.
2. When was the last time that the excess-footage charges were updated for residential and nonresidential service? Do they remain reflective of current costs?
3. In an average year, how often does the Company collect excess-footage charges from a customer and how often are they EV-related? Please answer separately for residential and nonresidential excess-footage charges and provide the average number of instances for each.
4. Over the past five years (Jan. 1, 2018–date), how many times has a residential or nonresidential EV customer had to pay excess-footage charges—or would have had to in the absence of a waiver? For each instance, identify the date, the total length of the extension, the number of excess feet, whether the CIAC was waived, the total CIAC or waived CIAC in dollars, and the rate code. Provide your response in an Excel spreadsheet.

Response:

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1. The use of the 100-foot threshold for standard service installations is a long-standing policy. It has been in use since at least 1974. The Company does not have records of how the threshold was originally determined.

The Company's proposal to add a waiver of excess-footage charges for our residential EV programs comes as a requirement from the Commission. As was noted in our TEP, Order Point 66 of the Commission's July 17, 2023 FINDINGS OF FACT, CONCLUSIONS, AND ORDER requires the Company to include a proposal to waive cost sharing requirements, including excess footage charges, for EV-rate customers within this filing.

2. A change to the excess footage charge was last approved in Docket No. E002/GR-10-971 and was effective September 1, 2012. The Company proposed a change to the excess footage charge in our most recent rate case, but we withdrew the proposal as the request was based on an incorrect engineering and supervision cost factor. More information about withdrawing the request is included in the Rebuttal Testimony of Christopher Barthol in Docket No. E002/GR-21-630. We do believe that the current excess footage charge is reflective of current costs.
3. The Company does not have this information readily available and objects to this request as unduly burdensome because, in order to provide the information requested, it would require the Company to perform a specialized manual study. This would entail a special IT query to get charge code details for each CIAC assessment. Then we would need to query our SAP databank for the specific job details, and finally, we would need to identify EV-related premises out of those jobs. We estimate this may entail gathering a voluminous number of records from at least the last five years. This potentially would take about 160 hours to complete.
4. See our response to OAG Information Request No. 18.3.

SUPPLEMENT

In response to 18.3 and 18.4 above, the Company further responds that we pulled information from our billing system about instances where customers were charged CIAC. This information is indicated by various cost codes within the system, such as line extension costs, but is not specifically linked to whether a project is EV-related. For purposes of this request, the Company manually identified potential EV-related projects based on additional available information.

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Based on the CIAC information we pulled, customers have paid for excess footage charges more than 12,000 times since 2018. The Company identified 20 of these instances as relating to an EV installation. Attachment A to this response provides details of each of these charges. The amount of excess footage is not available for every project as, in some instances, our systems do not record this information. The attachment does not provide rate code, but the Company has identified the customer class (residential, commercial, etc.) where known.

Based on our experience, the Company estimates that it has waived CIAC for about 200 EV projects. We estimate that approximately 80 percent of these EV projects were for line extensions which likely would have cost less than the normal CIAC allowance.

Certain portions of Attachment A contain information we have marked as “Non-Public” including information identifying customer names and locations. This information is maintained by the Company as “nonpublic data” and “private data on individuals” pursuant to Minn. Stat. §§ 13.02 and 13.03.

Preparer: Dave Olson
Title: Manager Service Policy
Department: Service Policy XES
Telephone: (612) 337-2207
Date: December 12, 2023

SUPPLEMENTED: January 17, 2024

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Xcel Energy
Docket No.: E002/M-23-452
Response To: Office of the Attorney General
Requestor: Peter Scholtz
Date Received: December 1, 2023

Information Request No. 19
SUPPLEMENT

Question:

Topic: Waiver of Winter Construction Charges.

Reference: Appendix H13.

Xcel proposes not to charge EV customers for the extra cost of installing underground facilities during the winter when the ground is frozen.

1. When was the last time that the winter construction charges were updated? Do they remain reflective of current costs?
2. In an average year, how often does the Company collect winter construction charges from a customer and how often are they EV-related? Please answer separately for residential and nonresidential CIAC and provide the average number of instances for each.
3. Over the past five years (Jan. 1, 2018–date), how many times has a residential or nonresidential EV customer had to pay winter construction charges—or would have had to in the absence of a waiver? For each instance, identify the date, the total amount of winter construction costs (the CIAC), whether the CIAC was waived, and the rate code. Provide your response in an Excel spreadsheet.

Response:

1. A change to the winter construction charge was last approved in Docket No. E002/GR-10-971 and was effective September 1, 2012. A revised winter construction charge was approved in our most recent electric rate case. The revised charge will go into effect on January 1, 2024. These revised costs are reflective of current costs.

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The Company's proposal to add a waiver of winter construction charges for our residential EV programs comes as a requirement from the Commission. As was noted in our TEP, Order Point 66 of the Commission's July 17, 2023 FINDINGS OF FACT, CONCLUSIONS, AND ORDER requires the Company to include a proposal to waive cost sharing requirements, including winter construction charges, for EV-rate customers within this filing.

2. See our response to OAG Information Request No. 18.3.
3. See our response to OAG Information Request No. 18.3.

SUPPLEMENT

In response to subparts 2 and 3 above, the Company further responds that we pulled information from our billing system about instances where customers were charged CIAC. This information is indicated by various cost codes within the system, such as winter construction costs, but is not specifically linked to whether a project is EV-related. For purposes of this request, the Company manually identified potential EV-related projects based on additional available information.

The Company has charged customers almost 10,000 times for winter construction since 2018. The Company identified 27 of these as relating to an EV installation. Attachment A to this response provides details of each of these charges. The attachment does not provide rate codes, but the Company identified customer class (residential, commercial, etc.) where known.

The Company estimates that it has waived CIAC for about 200 EV projects, but we are unable to estimate when winter construction charges were waived for EV-related projects.

Certain portions of Attachment A contain information we have marked as "Non-Public" including information identifying customer names and locations. This information is maintained by the Company as "nonpublic data" and "private data on individuals" pursuant to Minn. Stat. §§ 13.02 and 13.03.

Preparer: Dave Olson
Title: Manager Service Policy
Department: Service Policy XES
Telephone: (612) 337.2207

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Date:

December 12, 2023

SUPPLEMENTED: January 17, 2024

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Xcel Energy	Information Request No.	20
Docket No.: E002/M-23-452		SUPPLEMENT
Response To: Office of the Attorney General		
Requestor: Peter Scholtz		
Date Received: December 1, 2023		

Question:

Topic: Waiver of Unusual Installation Costs.

Reference: Appendix H13.

Xcel proposes not to charge EV customers for unusual installation costs, which relate to surface or subsurface conditions that impede the installation of distribution facilities; delays caused by the customer; or the paving of streets, alleys, or other areas before underground facilities are installed.

1. What is meant by “surface or subsurface conditions that impede the installation of distribution facilities?” Provide examples.
2. What is meant by “delays caused by the customer?” Provide examples.
3. What is meant by “paving of streets, alleys, or other areas prior to the installation of underground facilities?” Explain how this might increase the cost to the company.
4. In an average year, how often does the Company collect unusual installation costs from a customer and how often are they EV-related? Please answer separately for residential and nonresidential CIAC and provide the average number of instances of each.
5. Over the past five years (Jan. 1, 2018–date), how many times has a residential or nonresidential EV customer had to pay unusual installation costs—or would have had to in the absence of a waiver? For each instance, identify the date, the total amount of unusual installation costs (the CIAC), whether the CIAC was waived, and the rate code. Provide your response in an Excel spreadsheet.

Response:

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1. Surface or subsurface conditions that impede installation include things like ground frost, rocky ground, ground conditions requiring boring, and barriers for yard details like landscaping, patios, and decks.
2. Delays caused by customers primarily result from the customer not having the site ready for construction. Examples include not allowing access when agreed to or by not removing impediments that prevent work from starting. It is important to note that delays will only create a charge for customers if it creates additional costs for the Company. A prime example of that is a customer-caused delay pushing construction into the winter months.
3. Paving of streets, alleys and other areas can result in higher installation costs due to added complexity as it may require boring rather than standard construction situations. Projects would also entail more restoration costs if pavement and concrete need to be altered as a part of construction.
4. See our response to OAG Information Request No. 18.3.
5. See our response to OAG Information Request No. 18.3.

SUPPLEMENT

In response to subparts 4 and 5 above, the Company further responds that unusual construction costs and other types of upgrades are included as a part of the CIAC requirements in our tariff but the tariffs do not specify exact charge amounts. Rather, customers are charged based on the actual cost of work completed. These charges are not specifically flagged as such in the system used to track CIAC charges, and could be coded by a variety of charge codes. Attachment A to this supplemental response provides details of each miscellaneous charge not addressed in our supplemental responses to OAG Information Request Nos. 18 and 19. The charges included in this attachment include design and engineering costs, distribution relocations, overhead and underground service relocations, new service extensions, special facilities, and other special charges. The Company has charged customers approximately 34,000 times for this type of work. The Company identified 612 of these as relating to an EV installation.

The Company does not currently have more detailed information about instances when these charges were waived for EV-related projects.

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Certain portions of Attachment A contain information we have marked as “Non-Public” including information identifying customer names and locations. This information is maintained by the Company as “nonpublic data” and “private data on individuals” pursuant to Minn. Stat. §§ 13.02 and 13.03.

Preparer: Dave Olson
Title: Manager Service Policy
Department: Service Policy XES
Telephone: (612) 337-2207
Date: December 12, 2023

SUPPLEMENTED: January 17, 2024

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Xcel Energy
Docket No.: E002/M-23-452
Response To: Office of the Attorney General
Requestor: Peter Scholtz
Date Received: December 1, 2023

Information Request No. 21
SUPPLEMENT

Question:

Topic: Waiver of General Extension Charges.

Reference: Appendix H13.

In addition to waiving excess-footage, winter-construction, and unusual-installation CIAC, Xcel also proposes not to charge EV customers for other types of upgrades requested or otherwise caused by the customer. These “general extension” upgrades may involve extending, enlarging, or changing the Company’s distribution or other facilities to accommodate the customer’s load.

1. Provide examples of the types of upgrades contemplated by this provision of the Company’s tariff (section 5.2 of Section 6 of Xcel’s rate book).
2. In an average year, how often does the Company collect CIAC from a customer under this provision and how often is the CIAC EV-related? Please answer separately for residential and nonresidential CIAC and provide the average number of instances of each.
3. Over the past five years (Jan. 1, 2018–date), how many times has a residential or nonresidential EV customer had to pay a CIAC under this provision—or would have had to in the absence of a waiver? For each instance, identify the date, the total amount of the CIAC, whether the CIAC was waived, and the rate code. Provide your response in an Excel spreadsheet.

Response:

1. Potential upgrades contemplated under this provision include upgrades to transformers, conductor, and other distribution system facilities owned by the Company. This could create an extensive rebuild of infrastructure.
2. See our response to OAG Information Request No. 18.3.

3. See our response to OAG Information Request No. 18.3.

SUPPLEMENT

In further response to subparts 2 and 3 above, please see our supplemental response to OAG Information Request No. 20.

Preparer: Dave Olson
Title: Manager Service Policy
Department: Service Policy XES
Telephone: (612) 337.2207
Date: December 12, 2023

SUPPLEMENTED: January 17, 2023

CERTIFICATE OF SERVICE

Re: *In the Matter of Xcel Energy's 2023 Integrated Distribution Plan*
MPUC Docket No. E-002/M-23-452

I, JUDY SIGAL, hereby certify that on the 24th day of January, 2024, I e-filed with eDockets *Reply Comments of the Minnesota Office of The Attorney General—Residential Utilities Division* and served a true and correct copy of the same upon all parties listed on the attached service list by e-mail, electronic submission, and/or United States Mail with postage prepaid, and deposited the same in a U.S. Post Office mail receptacle in the City of St. Paul, Minnesota.

/s/ Judy Sigal
JUDY SIGAL

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1400 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_23-452_M-23-452
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_23-452_M-23-452
Amber	Hedlund	amber.r.hedlund@xcelenergy.com	Northern States Power Company dba Xcel Energy-Elec	414 Nicollet Mall, 401-7 Minneapolis, MN 55401	Electronic Service	No	OFF_SL_23-452_M-23-452
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_23-452_M-23-452
Christine	Schwartz	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_23-452_M-23-452
Will	Seuffert	Will.Seuffert@state.mn.us	Public Utilities Commission	121 7th PI E Ste 350 Saint Paul, MN 55101	Electronic Service	Yes	OFF_SL_23-452_M-23-452
Taige	Tople	Taige.D.Tople@xcelenergy.com	Northern States Power Company dba Xcel Energy-Elec	414 Nicollet Mall 401 7th Floor Minneapolis, MN 55401	Electronic Service	No	OFF_SL_23-452_M-23-452