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 case[3] 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

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