



Permissible Ex Parte Communication Report

Date: February 12, 2019

To: Public Ex Parte Communication File

Case Name: In the Matter of a Commission Investigation into the Effects on Electric and Natural Gas Utility Rates and Services of the 2017 Federal Tax Act

Docket No: E, G-999/CI-17-895

From: Jorge Alonso
PUC Staff

RE: Permissible Ex Parte Communications Pursuant to Minn. Rules, Part 7845.7400.

1. **Type of communication:** Oral and Written

See attachments for written communication.

If oral, **Date:** February 11, 2019
Time: 5:08 PM

2. **Maker of the Communication:** Amy Liberkowski, Xcel Energy

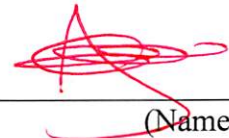
3. **Recipient of the Communication:** Jorge Alonso

4. **For communications involving the setting of interim rates or the review of compliance filings, the topic was:** Not Applicable

5. **For all other permissible communications that are prohibited for the Commissioners under Minn. Rules, part 7845.7200, the substance of the communication was:**

In addition to the attached written communications, I also spoke with Ms. Liberkowski on the phone regarding how Xcel's compliance filing is not compliant with the Commission's December 5, 2018 and discussed Xcel's various alternatives shown in the written communication.

6. For oral permissible ex parte communications, has a copy of this memo been sent to the assigned Administrative Law Judge? Not applicable

 2/11/15

(Name and Date)

Alonso, Jorge (PUC)

From: Liberkowski, Amy A <amy.a.liberkowski@xcelenergy.com>
Sent: Thursday, February 07, 2019 8:38 PM
To: Alonso, Jorge (PUC)
Subject: RE: TCJA 2019
Attachments: TCJA additional options for discussion.docx

Hi Jorge,

I've attached a list of options our internal team discussed today that we can discuss on Friday afternoon. I noted how each would impact the interim petition in our next case. Here is a brief summary of the options:

- 2018 refund followed by base rates revised through the interim rider. This is the option I previously had emailed to you as our recent agreement with the Department. We could also propose to adjust base rates through a paragraph on each tariff that noted the base rate components would be reduced by 5.34% instead of using the interim rider if that alleviated the rider concern. (We will need to update the percentage number since we anticipated starting the credit in March. Our reply could indicate what the % would need to be if the credit started in May)
- A combined 2018 and 2019 refund after implementation of revised tariffed rates. We need to think through when a written Commission order could be issued to pick an implementation date.
- Two different ways to split the 2018 refund from 2019 to provide customers an earlier refund along with revised base rates. One uses the interim rider to refund the earlier part of 2019 prior to implementation of base rates, and the other has a separate refund for the early part of 2010 after implementation of base rates.

Let me know a good time to give you a call. Thanks for your help working through this issue.

Amy

From: Alonso, Jorge (PUC) [mailto:jorge.alonso@state.mn.us]
Sent: Thursday, February 07, 2019 9:35 AM
To: Liberkowski, Amy A
Subject: Re: TCJA 2019

**CAUTION EXTERNAL SENDER: Stop and consider before you click links or open attachments.
Report suspicious email using the 'Report Phishing/Spam' button in Outlook.**

Hi Amy.

I should be available to talk any time today.

In case you need it again, my cell is 952-200-8066.

Thanks.

Jorge

From: Liberkowski, Amy A <amy.a.liberkowski@xcelenergy.com>
Sent: Thursday, February 7, 2019 8:48:21 AM
To: Alonso, Jorge (PUC)
Subject: FW: TCJA 2019

Hi Jorge,

I'm wondering if your concern is regarding the method of changing 2019 base rates through a rider. When the Department filed modified decisions options that the Commission verbally approved - to change base rates without changing rate design and with the ability to track credits, I thought that must mean a rider. I followed up with the Department in the email exchange in October below. I'll give you a call this morning to talk about how we can adjust plans from here.

Thanks,

Amy

Begin forwarded message:

From: "Campbell, Nancy (COMM)" <nancy.campbell@state.mn.us> **Date:** October 12, 2018 at 4:39:54 PM CDT
To: "Liberkowski, Amy A" <amy.a.liberkowski@xcelenergy.com>, "Johnson, Mark (COMM)" <mark.a.johnson@state.mn.us> **Subject:** RE: TCJA 2019

Amy, we think your proposal as stated below seems reasonable. We think Xcel's proposal is similar to what MP has also proposed. Additionally, we don't oppose a separate 2018 and 2019 refund to expedite refunds.

Thanks and have a good weekend!

Nancy Campbell Public Utilities Analyst Coordinator 651-539-1821 mn.gov/commerce
Minnesota Department of Commerce 85 7th Place East, Suite 280 | Saint Paul, MN 55101

-----Original Message-----

From: Liberkowski, Amy A <amy.a.liberkowski@xcelenergy.com> **Sent:** Thursday, October 11, 2018 10:03 AM
To: Campbell, Nancy (COMM) <nancy.campbell@state.mn.us>; Johnson, Mark (COMM) <mark.a.johnson@state.mn.us>
Subject: TCJA 2019

Hello,

We are trying to move forward with compliance on the TCJA docket even though the order hasn't been issued. I wanted to run our approach to the 2019 compliance by you. We are anticipating the order will ask us to change base rates without changing rate design and with the ability to track the TCJA credits. To accomplish this, we have been taking the approach that we would submit compliance that looked similar to an interim petition but hopefully much briefer. We would submit financial schedules showing the derivation of the 2019 refund amounts for electric and gas, schedules showing how we would derive a percentage based negative factor to

apply to certain rate components to refund the amount to customers for that year, a TCJA tariff that would explain what rate components the % will and won't apply to, and tariff sheets for each class showing the applicability of the TCJA tariff to that base rate. Hopefully we will be able to propose this be effective with January bills but the timing of the order may impact that.

Do you have any initial thoughts on this approach? I would be happy to send over some mocked up schedules if that would be helpful and if this approach sounds like what you were expecting.

Separately, I think the 2018 refund plan compliance will look similar to an interim refund plan for gas and electric. We are considering separating the overall compliance into two filings (2018 vs 2019) to possibly speed up the 2018 refunds if parties didn't have objections to our plan.

Let me know if a meeting would be helpful as well.

Thanks, Amy

Agreement with Department – 2018 refunds, refund of 2019 dollars through interim mechanism or a term on each tariff modifying base rates by a percentage that doesn't change rate design

Refund the 2018 electric and gas dollars according to proposed compliance plan (April/May for electric, July/August for gas ,but take no action until after the Commission agenda meeting). Use the Interim rider as a monthly refund mechanism for all 2019 electric credits and gas credits until new electric interim rates are in place and new gas base rates are approved. The Company will file new natural gas base rates in 30 days. If new natural gas base rates are approved sooner than 1/1/20, compliance factors for the 2019 interim gas credit will be adjusted accordingly. For example, if new gas base rates were effective July, the company would create interim factors to refund the January – June credits over the period of May – June. Instead of using the interim rider, we also could accomplish this with a paragraph on each tariff that noted base rates are being adjusted by x% for the TCJA.

In this case, we would stop the electric 2019 monthly refunds occurring though the interim rider) with the implementation of new 2020 interim rates. The interim rate petition filed in November would include a reduction for the 2020 TCJA credit.

One combined refund after implementation of new base rates

File new reduced base rate tariffs at the 2019 levels for gas and electric with effective date of June 1, 2019. If possible, include spreadsheet with all base tariff changes in Feb 14th reply, supplemented within 30 days with all tariff sheets. Prepare refund for all 2018 and 2019 TCJA dollars for both gas and electric that covers January 2018 through May 2019. Refunds could potentially occur late 3rd/early 4th quarter after new rates are implemented in June and usage data for May period continues to be collected through July.

No adjustment for TCJA would be made in any interim petition. 2019 sales true-up and decoupling filings would need to adjust for the TCJA for January –May, but no adjustment would be necessary from June – December.

2018 Refund, implementation of new base rates, 2019 refund

To get 2018 dollars to customers earlier, refund the 2018 electric and gas dollars according to proposed compliance plan (but after agenda meeting). File Excel spreadsheet with new gas and electric base rates with reply and full tariff sheets within 30 days. Implement new base rates on June 1, 2019. Refund Jan – May 2019 TCJA dollars late 3rd/early 4th quarter after new rates are implemented in June and usage data for May period continues to be collected through July.

2018 Refund, 2019 monthly refunds (through interim rider or modifying paragraph on each tariff) until implantation of new base rates

To get 2018 dollars to customers earlier, refund the 2018 electric and gas dollars according to proposed compliance plan (but after agenda meeting). File Excel spreadsheet with new gas and electric base rates with Reply and full tariff sheets in 30 days with effective date of June 1, 2019. Use the interim tariff as a “refund” mechanism to refund January – May 2019 dollars on May bills. New rates could be implemented later than June with this option, and then the monthly 2019 refund mechanism would be extended.