

Direct Testimony and Schedules
Greg P. Chamberlain

Before the Minnesota Public Utilities Commission
State of Minnesota

In the Matter of the Application of Northern States Power Company
for Authority to Increase Rates for Electric Service in Minnesota

Docket No. E002/GR-19-564
Exhibit____(GPC-1)

Policy and Multi-Year Rate Plan

November 1, 2019

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1 **I. INTRODUCTION**

2

3 Q. PLEASE STATE YOUR NAME, OCCUPATION AND JOB RESPONSIBILITIES.

4 A. My name is Greg P. Chamberlain. I am the Regional Vice President for
5 Regulatory and Government Affairs for Northern States Power Company-
6 Minnesota (NSPM or the Company), d/b/a Xcel Energy. In this role, I
7 am responsible for state government relations and regulatory filings with the
8 utility commissions in Minnesota, North Dakota and South Dakota,
9 including proceedings related to rates, resource planning, and service quality
10 filings.

11

12 Q. PLEASE SUMMARIZE YOUR QUALIFICATIONS AND EXPERIENCE.

13 A. I joined Xcel Energy in 2000 and have held positions in the Company
14 including in the Transmission and Energy Supply business areas prior to
15 serving as Regional Vice President for Government and Community
16 Relations and then moving to my current role. While serving as Director of
17 Transmission Portfolio Delivery for the Company, I was responsible for the
18 engineering, project management, project controls and permitting of a \$4
19 billion electric transmission capital portfolio across 10 states. In addition, I
20 acted as Xcel Energy's management committee representative on each of
21 four CapX2020 projects. As General Manager of Power Generation, I was
22 responsible for the operations of the Company's fleet of 13 power plants
23 across Minnesota, Wisconsin, and South Dakota. I have a Master of
24 Business Administration from the University of Minnesota Carlson School
25 of Management and a Bachelor of Science degree in Chemical Engineering
26 from Purdue University. Exhibit____(GPC-1), Schedule 1 summarizes my
27 qualifications.

1 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

2 A. I present the Company's overall case to the Minnesota Public Utilities
3 Commission. In this case, we request Commission approval of a multi-year
4 rate plan (MYRP) for the period 2020-2022. A multi-year rate plan, modeled
5 after and incorporating the lessons learned from our current MYRP,
6 approved in Docket No. E002/GR-15-862, (the 2016-2019 MYRP), will
7 provide benefits for our customers, policy makers, regulators, other
8 stakeholders, and the Company as we move into the future.

9

10 To support our request and inform the Commission's decision in this matter,
11 my testimony will:

- 12 • Discuss the successes achieved through the 2016-2019 MYRP and
13 why another MYRP provides the proper ratemaking construct now;
- 14 • Explain how this MYRP proposal will help us continue to transform
15 our business, provide a better product for our customers and continue
16 working with stakeholders going forward, as the utility landscape
17 continues to evolve;
- 18 • Outline the Company's three-year multi-year rate proposal and
19 demonstrate how it complies with Minnesota Statute § 216B.16, subd.
20 19 (the MYRP Statute) and the Commission's MYRP Order and
21 results in just and reasonable rates; and
- 22 • Present the structure of our case and introduce the Company's
23 witnesses.

24

25 Overall, my testimony describes the Company's plans to build on the
26 successes we and our stakeholders have achieved over the past four years,
27 and how this MYRP proposal will support these efforts going forward. We

believe understanding our rate request from this perspective confirms that the MYRP we present here is consistent with the public interest and continues to be the appropriate ratemaking construct for NSPM.

Q. CAN YOU SUMMARIZE THE COMPANY'S RATE REQUEST?

A. We propose a three-year rate plan, with a 2020 test year net incremental revenue deficiency of \$201.4 million, a 2021 plan year net incremental revenue deficiency of \$146.4 million and a 2022 plan year net incremental revenue deficiency of \$118.3 million, for a total net incremental revenue deficiency of \$466 million over the three year MYRP.

We also propose rolling certain projects currently recovered in riders into base rates. While these rider roll-ins do not impact the total bills paid by our customers, they increase the base rate increase request for 2020 by \$115 million, while decreasing the base rate increase request by \$9 million and \$7 million in 2021 and 2022, respectively. The revenue deficiencies are based on a 10.20 percent return on equity (ROE), as recommended by Company witness Mr. John J. Reed and are reflected in Table 1, below.

Table 1
Revenue Deficiencies During Term of MYRP
(\$ in millions, rounded)

| | 2020 | 2021 | 2022 | Total |
|-------------------------------------|----------------|----------------|----------------|--------------|
| Net Incremental Deficiency | \$201.4 | \$146.4 | \$118.3 | \$466 |
| Net percent rate increase | 6.5% | 4.8% | 3.9% | 15.1% |
| Rider Roll-In | <u>115</u> | <u>(9)</u> | <u>(7)</u> | <u>99</u> |
| Total Base Increase Request | \$317 | \$137 | \$111 | \$565 |
| Total Base percent increase request | 10.2% | 4.5% | 3.6% | 18.2% |

1 Q. WHAT BROUGHT THE COMPANY TO PROPOSE ANOTHER MULTI-YEAR RATE
2 PLAN?

3 A. Simply put, we see the 2016-2019 MYRP as a success worthy of replicating.
4 In our last rate case, we set out a number of goals to be achieved and
5 benefits that could be derived from a MYRP ratemaking construct. The past
6 four years have demonstrated that the parties and Commission succeeded in
7 crafting a MYRP that delivered on those potential benefits.

8

9 More broadly, as we discussed in that case, customer demands, state policy
10 initiatives, and the business environment for utilities is changing. These
11 ongoing changes require utilities and our regulators to change as well. We
12 need to continue becoming more innovative in order to better respond to
13 the changing needs of customers and other constituencies. Our current
14 MYRP proposal will once again create the time and space for the Company,
15 our stakeholders, and our regulators to continue our collective efforts toward
16 innovating for the benefit of our customers and the State, while providing
17 just and reasonable rates over this time period.

18

19 Q. WHAT WERE THE POLICY DRIVERS BEHIND THE LAST RATE CASE, WHICH LED
20 TO THAT 2016-2019 MYRP?

21 A. Those drivers included:

- 22 • changing customer and stakeholder needs and expectations;
- 23 • emerging technologies and new forms of competition;
- 24 • stagnant or declining sales and load growth;
- 25 • the need to break the rate case cycle; and
- 26 • the opportunities created by a MYRP – for the Company, for
27 customers and others.

1 These policy drivers continue to support a MYRP today.

2
3 Q. WHAT WERE SOME OF THE “OPPORTUNITIES CREATED BY A MYRP” THAT
4 LED THE COMPANY TO PROPOSE A MYRP IN YOUR LAST CASE?

5 A. Among the opportunities created by a MYRP, we noted that a properly
6 designed MYRP provided a break from continual rate cases, while assuring
7 adequate regulatory oversight, and providing the opportunity to re-direct
8 resources and work jointly on key policy matters and emerging issues.

9
10 Q. AND DID THE 2016-2019 MYRP DELIVER ON THE BENEFITS AND
11 OPPORTUNITIES YOU HAVE DISCUSSED?

12 A. Absolutely, and the results of the 2016-2019 are reflected in this filing.
13 Looking back at the past four years, the 2016-2019 MYRP provided a
14 number of benefits to stakeholders that I and other Company witnesses
15 discuss, including:

- 16 • It broke the cycle of constant rate cases, providing four years between
17 rate case filings for the Company;
- 18 • Customers had improved rate predictability and the Company had
19 improved revenue predictability, so it could manage to the revenues
20 provided by the plan and work to drive costs out of the business;
- 21 • The Commission and stakeholders were provided a longer-term view
22 of the Company’s planned costs and investments than in a typical
23 single-year test year case;
- 24 • The plan preserved regulatory oversight and the basic regulatory
25 bargain through multiple compliance filings and the implementation
26 of true-ups;

- The break from continual rate cases enabled unprecedented stakeholder engagement that informed the Company's 2019 Integrated Resource Plan (IRP), the Commission's ongoing Performance Based Ratemaking (PBR) docket and the Company's advanced grid efforts and plans, as set forth in the Integrated Distribution Plan (IDP); and
- Major new policy initiatives were advanced during these past four years.

Q. WHAT ARE SOME OF THE KEY POLICY INITIATIVES UNDERTAKEN DURING THIS TIME PERIOD?

A. First and foremost, the Company has announced a bold industry-leading vision for providing carbon-free energy to our customers by 2050, which I discuss further below. The 2016-2019 time period has also seen a number of other substantial and important policy-driven efforts. That work included:

- Development of the 2019 IRP, informed by 13 public workshops and independent expert analysis, and setting forth a plan that calls for substantial new renewable, energy efficiency and demand response resources as well as the retirement of the last of the Company's coal-fired plants by 2030.
- Stakeholder engagement that informed the Company's efforts with respect to our advanced grid initiative, as reflected in this case and in our Integrated Distribution Plan (IDP) filed concurrently with the Commission on November 1, 2019.
- Substantial work by the Commission and stakeholders on performance-based ratemaking, including the development of guiding principles and identification of key areas of interest.

- 1 • Development and execution of our Residential Time of Use (TOU)
2 Pilot, which will explore the ability to reduce peak demand through
3 price signals and further enable customers to shift to off-peak energy
4 use through awareness-building, education, and data sharing.
- 5 • Development and execution of our expanded and fully subscribed
6 Renewable*Connect offering in response to customers' desire for
7 both increased choice and more renewable energy.
- 8 • Substantial community development work, particularly in our host
9 communities of Sherburne County and the City of Becker, which led
10 to the Google datacenter transaction as well as the relocation of the
11 Northern Metals recycling facility from North Minneapolis.
- 12 • Approval of several Electric Vehicle (EV) pilots and programs, for
13 our customers, including: (1) Residential Electric Vehicle (EV) Service
14 Pilot, which has proven successful enough that the Company recently
15 requested Commission approval of expanding that program; (2) Fleet
16 EV Service Pilot, which will defray the cost of deploying public and
17 fleet EV chargers; (3) Residential EV Subscription Service Pilot,
18 which provides flat monthly subscription pricing for off-peak EV
19 charging; and (4) Public Charging EV Pilot, which will lower upfront
20 costs associated with installing public charging infrastructure.

21
22 It is the success of the 2016-2019 MYRP that shaped the Company's view of
23 this filing and led us to propose this MYRP, modeled after the 2016-2019
24 MYRP, with a few adjustments I will discuss below.

25
26 Additionally, our approach to this case is informed by the constructive
27 settlement discussions that led to the 2016 MYRP and the productive

1 stakeholder discussions that have informed other filings such as our IRP.
2 We believe we can build on these successes and again, and we plan to reach
3 out to parties to discuss settlement of this case. To facilitate those
4 discussions, in addition to our three-year MYRP request, we have included
5 forecast and cost of service information for 2023 and 2024 in Volume 3,
6 Required Information of this filing that could support another four-year
7 MYRP.

8 9 **II. THE COMPANY AND OUR VISION FOR THE FUTURE**

10
11 Q. WHAT IS THE PURPOSE OF THIS SECTION OF YOUR TESTIMONY?

12 A. In this section of my testimony, I first provide background information
13 about the Company before describing the Company's vision for the future. I
14 then discuss how that vision and our plans to achieve it are reflected in this
15 rate case filing. Finally, I discuss some of the challenges we face in achieving
16 this vision and how those challenges also impact this filing.

17
18 Q. PLEASE FIRST DESCRIBE NSPM.

19 A. NSPM serves more than 1.5 million electricity customers in Minnesota,
20 North Dakota, and South Dakota. NSPM is part of an integrated system of
21 diverse generation resources and transmission that serves the upper Midwest,
22 including Xcel Energy's operations in Wisconsin and Michigan served by
23 NSP-Wisconsin (collectively, the NSP System). Our operations include
24 power plants with a net maximum capacity of almost 9,000 MW, more than
25 8,400 miles of transmission lines, and approximately 551 transmission and
26 distribution substations.

1 The NSP System includes approximately 4,300 megawatts (MW) of
2 renewable energy capacity, including wind, hydro, biomass, and solar
3 resources. As Mr. Capra discusses, over the course of this MYRP, we will
4 add seven more wind projects to our system, and we plan to add 4,000 MW
5 of renewable energy capacity, in total, over the next 15 years.

6
7 Q. AND WHO DO YOU CONSIDER THE COMPANIES STAKEHOLDERS, AS YOU USE
8 THAT TERM IN THIS TESTIMONY?

9 A. I use this term broadly. Our stakeholders include a broad and diverse group
10 of interests, including our customers, employees, the communities in which
11 we serve, local, state and federal policy makers, and labor, environmental and
12 customer advocacy organizations, among others.

13
14 Q. PLEASE DESCRIBE THE COMPANY'S OVERARCHING GOALS AS YOU LOOK TO
15 THE FUTURE.

16 A. Our vision is to be the preferred and trusted provider of the energy our
17 customers need. That means delivering a better overall product for our
18 customers. To achieve that, the Company focuses on three strategic
19 priorities, which I will discuss in turn:

20 (1) to lead the clean energy transition;

21 (2) to enhance our customers' experience with us as their provider; and

22 (3) to maintain affordability.

23
24 My testimony will discuss how these three strategic priorities will shape our
25 work over the course of the next several years and how that work is reflected
26 in this MYRP request. Of course, as we focus on these priorities, we will
27 continue to work to maintain and improve our record of excellent safety and

1 reliability, provide a safe work environment that sends each and every
2 employee home injury-free, and support our workforce and the communities
3 in which we operate.
4

5 Q. AND WHAT ARE SOME OF THE KEYS TO THE COMPANY ACHIEVING ITS
6 VISION?

7 A. To realize our vision, we must constantly challenge ourselves to provide safe,
8 clean, reliable, and affordable energy in a manner that delivers a better
9 product to our customers, while also supporting constructive relationships
10 with our regulators and other key policy makers and stakeholders.
11

12 Some of the work necessary to achieve our vision is internal to the Company
13 – the work of our nuclear operations team, for example, to continue its track
14 record of improving performance and decreasing costs, as discussed by
15 Company witness Mr. Timothy J. O'Connor. Across the Company, our
16 teams work with our core priorities in mind and challenging themselves to
17 improve performance while controlling costs. That work, and the
18 investments and expenses necessary to support it, is critical to our ability to
19 deliver carbon-free energy, at affordable rates, and on a consistent and
20 reliable basis. The MYRP we propose here allows that work to continue.
21

22 At the same time, we recognize that to reach our goals, and the State's goals,
23 we cannot do this work alone. Therefore, broad stakeholder engagement
24 will continue to play a critical role in our work going forward and our
25 proposed MYRP helps in that regard by freeing resources that would
26 otherwise be devoted to rate case filings.

1 Finally, the work ahead requires a supportive regulatory environment. The
2 Company will be competing for capital with others inside and outside of
3 Xcel Energy, so the sound financial footing provided by a supportive
4 regulatory construct that provides for recovery of our prudent investments
5 and reasonable costs is crucial. The MYRP we propose in this case outlines
6 a constructive path forward that preserves Commission oversight and
7 ensures just and reasonable rates for our customers.

8
9 **A. Leading the Clean Energy Transition**

10 Q. PLEASE DISCUSS THE COMPANY'S FIRST STRATEGIC PRIORITY – LEADING THE
11 CLEAN ENERGY TRANSITION – AND WHAT THAT MEANS FOR NSPM.

12 A. NSPM has been a leader in renewable energy for many years, and we have
13 long been committed to meeting our customers increasing demands for
14 cleaner energy sources. We recently took that leadership to a new level by
15 being the first utility in the nation to announce a goal of serving customers
16 with 100 percent carbon-free electricity by 2050. We are pleased to see other
17 companies and policymakers in Minnesota and beyond joining in this vision,
18 as state policies and broader market forces encourage us to continue the
19 push to transition our generation fleet away from coal, toward responsible
20 bridge resources, and then fully to renewables and other carbon-free
21 resources in the long term.

22
23 We also appreciate that the extent and pace of this transition must be
24 balanced with containing costs, maintaining reliability, preserving fuel
25 diversity, investing in the grid, and providing a greater diversity of energy
26 options that our customers are demanding. We also understand the

1 importance of working with our host communities and our employees
2 through this process.

3
4 We have been on this clean energy path for more than a decade now and
5 have a successful track record of reducing our environmental footprint while
6 maintaining outstanding reliability, keeping our customers' bills affordable,
7 and working with our communities and employees to manage through this
8 transition. For example, we have successfully transitioned multiple coal
9 plants to natural gas in Minnesota, managing our work force to mitigate
10 impacts on our employees, and we will do so again as we continue to move
11 away from coal. Our employees at these plants have played a vital role over
12 many decades in powering the region for our customers and communities. It
13 is important that we help them make a smooth transition as technology
14 changes. We also work with our local communities to bring in new
15 companies that can deliver employment opportunities and capital investment
16 that benefit the entire region. For instance, we worked for more than a year
17 to reach an agreement with Google that will facilitate the construction of a
18 data center in Sherburne County, which—if it moves forward—could be one
19 of the largest private development projects in Minnesota state history. Our
20 work also paved the way to bring a new Northern Metals recycling facility to
21 the region, which is expected to come on line in late 2019.

22
23 Q. HOW DO THE COMPANY'S EFFORTS TO LEAD THE CLEAN ENERGY
24 TRANSITION AND REDUCE CARBON EMISSIONS RELATE TO THIS RATE CASE
25 FILING?

26 A. Our carbon reduction goals and our work to lead the clean energy transition
27 underlie several aspects of the rate filing, as they directly impact both our

1 capital investments and our O&M expenses over the next three years. I will
2 highlight three areas where this connection can be seen and our business area
3 witnesses discuss these impacts (and others) in more detail in their
4 testimony. The three areas include: our continued transition to more
5 renewable energy generation in our fleet, our industry leading nuclear
6 operations, and our Advanced Grid Intelligence and Security (AGIS)
7 initiative.

8
9 Q. HOW DO THE COMPANY'S ADDITIONAL INVESTMENTS IN RENEWABLE
10 ENERGY GENERATION IMPACT THIS FILING?

11 A. The Company has long been at the forefront of the industry with respect to
12 renewable energy and we are currently engaged in the largest build-out of
13 new wind resources in our Company's history, after the Commission's
14 approval of our last Resource Plan and our 1,850 MW wind portfolio. By
15 2024, just two years after the MYRP we propose here, wind will provide
16 approximately 35 percent of the electricity for our customers in this region,
17 making it the largest component of our overall generation portfolio.

18
19 Our work to increase our renewable portfolio impacts this filing in two
20 principal ways. First, as Mr. Halama and I discuss, we propose to "roll in" to
21 base rates a number of projects currently being recovered through the
22 Renewable Energy Standard (RES) Rider. While this roll in does not actually
23 increase customer bills, since recovery is already occurring through the Rider,
24 it does impact the base rate increases during the MYRP.

25
26 Second, as Company witness Mr. Randy A. Capra explains, our renewable
27 energy portfolio and continuing efforts to increase its role in the overall

1 energy mix, has both capital and O&M impacts during the MYRP. In 2020
2 alone, we project capital additions of nearly \$1 billion on a Minnesota
3 jurisdictional basis related to the Crowned Ridge, Blazing Star II, Freeborn,
4 Mower, Jeffers, and Community Wind North projects and in 2021 we
5 project adding the Dakota Range wind farm. While these additions impact
6 base rates, they simultaneously deliver on the “steel for fuel” promise by
7 reducing our fuel costs. Those reductions are reflected in the fuel cost
8 adjustment (FCA) going forward, helping us maintain the overall
9 affordability of energy for our customers as we continually lessen our
10 dependence on fossil fuels. Moreover, as renewable energy sources continue
11 to make up a larger share of our fleet, we see a larger part of our O&M
12 budget going toward the maintenance of those facilities while, on the other
13 hand, we are seeing reductions in O&M for our fossil fuel facilities.

14
15 Q. WHY ARE THE COMPANY’S PLANNED CAPITAL INVESTMENTS AND O&M
16 EXPENSES RELATED TO ITS NUCLEAR FLEET SO IMPORTANT?

17 A. As Mr. O’Connor discusses, this case and our pending 2019-2034 Upper
18 Midwest Resource Plan present important questions for the Minnesota
19 Public Utilities Commission with respect to the future of Xcel Energy’s
20 nuclear generation. Together, the Monticello Nuclear Generating Plant
21 (Monticello) and Prairie Island Nuclear Generating Plant Units 1 and 2
22 (Prairie Island) comprise more than half of our existing carbon-free
23 generation and one-third of our total generation, and enough energy to serve
24 more than one million customer homes. The continued role of nuclear on
25 our system is therefore critical to ensuring that we continue to make progress
26 in reducing our carbon emissions toward our corporate goal of achieving an

1 80 percent reduction in carbon emissions by 2030, as well as our long-term
2 goal of 100 percent carbon-free energy by 2050.

3
4 While our nuclear operations have been the subject of review in multiple
5 dockets, I believe it is easy to overlook a simple fact that Mr. O'Connor
6 discusses in more detail -- our nuclear plants have never operated on a more
7 consistent, efficient, and safe basis. We understand that the future of our
8 nuclear fleet depends on our ability to deliver safe and reliable performance
9 at a reasonable cost, and our Nuclear employees have responded. Mr.
10 O'Connor describes our efforts to implement wide-scale changes in the way
11 we approach plant operation and the success of those efforts. To maintain
12 this level of performance going forward, and to continue delivering safe,
13 reliable power to our customers, we must continue to address the reliability
14 of our aging equipment. Mr. O'Connor discusses those investments in his
15 testimony as well as the O&M expenses necessary during the MYRP period
16 and the overall reasonableness of those investments and expenses.

17
18 Q. AND FINALLY, HOW DOES THE COMPANY'S AGIS INITIATIVE SUPPORT THE
19 OVERALL EFFORT ON LEADING THE CLEAN ENERGY TRANSITION AND HOW
20 DOES THAT INITIATIVE RELATE TO THIS FILING?

21 A. The AGIS initiative, which I discuss further below, is a long-term strategic
22 plan to transform our electric distribution system to meet multiple ends,
23 including the promotion of efficiency and reliability, and the safe integration
24 of more distributed resources into our system. This initiative will build an
25 advanced electric grid that's more resilient and provides more tools and
26 options for customers. With the need to replace our customers' electric
27 meters on the near-term horizon (indeed, in the next few years), we plan to

1 take advantage of the transition period to put more smart technology in
2 place, to the benefit of our customers and our overall system.

3
4 Q. CAN YOU SUMMARIZE HOW CUSTOMERS BENEFIT FROM THESE AND SIMILAR
5 COMPANY EFFORTS TO LEAD THE CLEAN ENERGY TRANSITION?

6 A. Customers benefit in multiple ways. Through sound management of our
7 nuclear fleet, customers receive a substantial portion of the electricity needs
8 from safe, reliable and non-carbon emitting plants. With our investments in
9 renewable energy sources, and the O&M necessary to support those
10 facilities, customers not only receive the environmental benefits of low-
11 emissions electric generation, but also enjoy long-term savings on their bills
12 through reduced fuel costs, since wind and solar energy have no fuel costs.
13 Investing in wind and solar resources now can keep prices affordable into
14 the future. Finally, the Company's AGIS initiative will provide customers
15 with new information and tools that allow them to better manage their
16 energy needs and will provide system benefits as well, that can lead to
17 increased service quality, faster outage restoration, and overall reductions in
18 energy use and related emissions.

19
20 **B. Enhancing the Customer Experience**

21 Q. CAN YOU ELABORATE ON THE COMPANY'S WORK TO IMPROVE THE
22 CUSTOMER EXPERIENCE AND HOW THAT IMPACTS THIS FILING?

23 A. Yes. We understand that many of our customers continue to want the same
24 things they have always wanted – safe, reliable, affordable electric service.
25 However, there is a growing segment of our customers whose expectations
26 are changing, in large part due to changes in technology. Customer
27 expectations continue to evolve rapidly in all areas involving utility service

1 and products. The following are becoming important considerations for our
2 customers:

- 3 • Emerging technologies – customers are increasingly interested in
4 evolving technologies, such as electric vehicles, home energy
5 management, battery storage, and solar.
- 6 • Clean energy – customer interest in renewable energy continues to
7 grow as prices decline.
- 8 • Improved communications – as enhanced customer service
9 experiences have become the expectation, our customers increasingly
10 expect that same level of service from their utility.
- 11 • Increased ability to control their energy use – customers want the
12 information and ability to make decisions about their energy service
13 and easily compare services and products.

14
15 We want to be the trusted energy provider of all our customers and to do so
16 we need to meet these demands. To that end, Company witness Mr. Michael
17 C. Gersack and other business area witnesses discuss our work to enhance
18 the customer experience through efforts such as the AGIS initiative.

19
20 Q. HOW WILL THE AGIS INITIATIVE HELP ADDRESS THESE CUSTOMER
21 EXPECTATIONS?

22 A. AGIS, and the advanced grid it brings to our customers, offers a number of
23 customer benefits, as discussed in detail by Mr. Gersack and by Company
24 witness Mr. Christopher C. Cardenas. Those benefits include improved
25 reliability by helping the Company detect outages faster, restore power faster;
26 and in some cases, enabling us to automatically reroute power to shorten or
27 prevent any service interruptions. The AGIS initiative will also provide our

1 customers with better and more timely information, enabling access to
2 energy use data in near real-time. This can allow customers to make
3 adjustments in their energy use and to choose how and when to charge
4 advanced technology, like electric vehicles and batteries.

5
6 Q. AND HOW DO THE COMPANY'S EFFORTS TO ENHANCE THE CUSTOMER
7 EXPERIENCE IMPACT THIS FILING?

8 A. Our customer experience efforts are reflected in a number of areas of this
9 filing. For ease of reference, I briefly describe each below:

10 • *Mr. Michael Gersack.* Company witness Mr. Gersack describes Xcel
11 Energy's overall customer goals and how Xcel Energy intends to
12 utilize the new and enhanced capabilities that result from the AGIS
13 initiative to provide customers with new information and tools that
14 allow them to better manage their energy needs. In addition, he
15 explains how our rate case and the AGIS-related investments and
16 expenses discussed here fit with our IDP. Finally, Mr. Gersack
17 discusses and requests recovery of the capital investments and the
18 O&M expenses related to our efforts to enhance the customer
19 experience.

20 • *Mr. David Harkness.* Company witness Mr. David C. Harkness
21 discusses the need for additional information systems capital
22 investments and also explains the Business Systems O&M forecasts
23 for the multi-year period.

24 • *Ms. Kelly Bloch.* Company witness Ms. Kelly A. Bloch discusses the
25 need for and detail around the AGIS-related distribution capital as
26 well as explains the O&M forecasts for the period.

- 1 • *Mr. Christopher Cardenas.* Finally, Company witness Mr. Christopher
2 Cardenas discusses anticipated Customer Care O&M savings
3 associated with AGIS and how those savings are incorporated in the
4 MYRP.

5
6 **C. Maintaining Affordability**

7 Q. HOW DOES THE COMPANY'S THIRD STRATEGIC PRIORITY – MAINTAINING
8 AFFORDABILITY – RELATE TO YOUR OVERARCHING VISION AND OTHER
9 PRIORITIES?

10 A. Affordability continues to be one of the cornerstones of our business. Even
11 if the energy we deliver is safe, clean and reliable, if it is not affordable, the
12 Company will not succeed in remaining our customers' trusted and preferred
13 provider.

14
15 Q. ARE THERE SPECIFIC ACTIONS THE COMPANY IS TAKING TO MAINTAIN
16 AFFORDABLE BILLS FOR ITS CUSTOMERS?

17 A. Yes, and these efforts are reflected throughout the witness testimony in this
18 case. Across the enterprise, the Company maintains this focus on
19 affordability. For example, on the financial side of the business, as Company
20 witness Ms. Sarah W. Soong discusses, our work to maintain a strong credit
21 rating reduces our cost of capital, leading to lower customer bills for the long
22 term. Similarly, multiple business area witnesses explain that we work to
23 responsibly invest in our core and supporting assets, with an eye to the
24 future. Sound investments in our core and supporting assets now can
25 provide us the platform to accomplish more innovative goals in the future,
26 such as even more aggressively reducing our carbon emissions, better
27 enabling customers to control and reduce their energy usage or maintaining

1 or improving reliability while adding distributed energy resources to our
2 system, to name a few. In addition, through our “Steel for Fuel” strategy, we
3 have invested in new wind projects, locking in fuel savings for our customers
4 for decades to come. And of course, the Company devotes significant
5 resources to energy efficiency efforts, helping our customers save significant
6 energy and money over the years, while also reducing carbon emissions.

7
8 Q. WHAT HAS BEEN THE RESULT OF THESE EFFORTS?

9 A. Our work has succeeded in keeping our customers’ bills low, and the MYRP
10 we propose will continue to do so. Throughout our clean energy transition
11 over the last decade, our Minnesota residential customers’ electric bills have
12 consistently fallen below the national average, and fell about 19 percent
13 below the national average in 2018. Moreover, since 2013 and through our
14 2016-2019 MYRP, the Consumer Price Index (CPI) has grown faster than
15 our average residential customer’s total bill. This same fact holds for the
16 entire ten-year period from 2013 through 2022, with our proposed MYRP,
17 based on current CPI projections.

18
19 **D. Meeting the Challenges of a Changing Landscape**

20 Q. WHAT CHALLENGES DOES THE COMPANY FACE IN WORKING TO ACHIEVE ITS
21 GOALS?

22 A. To realize our goals, the Company must face and successfully navigate a
23 number of challenges, including:

- 24 • Dealing with the pace (and expense) of innovation in a way that
25 responds to stakeholder needs yet also preserves affordability and the
26 flexibility to adapt to changing needs and technologies;
- 27 • Preserving and modernizing a critical infrastructure that is aging;

- Continuing to attract capital at a reasonable cost; and
- Managing continued sales stagnation.

Q. PLEASE DISCUSS THE FIRST OF THESE CHALLENGES.

A. A key challenge for the Company is to deal with the pace, and short-term expense, of innovation in a way that responds to stakeholder needs yet also preserves both affordability and the ability to adapt to ever-changing needs and technologies. The AGIS initiative offers an example of this challenge in action. As Mr. Gersack, Ms. Block and Mr. Harkness discuss, our AGIS initiative is designed to replace certain aging core assets and add new core and supporting assets in a way that takes advantage of technology advancements that can deliver immediate benefits to our customers while providing a flexible platform that can continue to provide new and enhanced benefits over time.

Q. YOU ALSO MENTIONED THE NEED TO PRESERVE AND MODERNIZE CRITICAL INFRASTRUCTURE. HOW IS THE COMPANY RESPONDING TO THIS NEED AND HOW DOES THAT RESPONSE IMPACT THIS FILING?

A. We cannot meet our strategic priorities without addressing the need to preserve and modernize our aging infrastructure – and we are working to do so on several fronts. First, as we described in our 2019 Integrated Resource Plan (IRP), almost all of the Company’s generation sources will turnover in the next 20 years. We must invest in new generation such as wind and solar, in the transmission resources necessary to deliver the energy from these facilities, and in our nuclear facilities which provide the critical baseload carbon-free resources our customers need. Mr. Capra discusses these issues from the Energy Supply perspective and Mr. O’Connor addresses the

1 Nuclear Operations needs during the MYRP. Moreover, as Company
2 witnesses Mr. Ian R. Benson and Ms. Bloch discuss, our transmission and
3 distribution infrastructure is aging and requires substantial investments in
4 asset health to remain reliable and to provide the level and variety of services
5 our customers expect. And as Mr. Harkness describes, our supporting
6 information technology infrastructure is reaching obsolescence and must be
7 refreshed and upgraded to ensure that we have the appropriate technological
8 support as we look toward the future. The AGIS initiative is but one
9 example of the need to modernize our information technology
10 infrastructure. All of these investment needs are reflected in this rate filing.

11
12 Q. AND WHY IS ATTRACTING CAPITAL AT REASONABLE COST SO CRITICAL FOR
13 THE COMPANY AND ITS CUSTOMERS?

14 A. The Company has announced a bold plan to provide carbon-free energy and
15 to do so with an advanced grid infrastructure. We see this plan as aligned
16 with Minnesota policy and the interests of our customers. However, the
17 Company cannot transform its fleet, address its aging infrastructure, improve
18 the customer experience and continue to provide safe, reliable and
19 environmentally responsible energy without continuing to invest in its core
20 assets and supporting systems. That means the Company will have an
21 ongoing need to access capital and, if we are to maintain our affordability,
22 that capital must come at a reasonable cost. Company witnesses Ms. Soong
23 and Mr. Reed discuss the need for a constructive regulatory framework,
24 including an appropriate capital structure and cost of equity for the
25 Company, to enable that access the capital markets. A constructive
26 framework that allows the Company a reasonable cost of capital and the
27 opportunity to recover its reasonable costs, will allow NSPM to maintain its

1 strong credit ratings. Strong credit ratings, in turn, lead to lower costs of
2 debt that help keep energy prices affordable. The relationship between
3 constructive rate outcomes and affordable capital is direct and impactful.
4 The MYRP we propose in this case provides the kind of constructive
5 framework, and incentive for the Company to control costs within that
6 framework, that we believe can help assure energy affordability for the long
7 term.

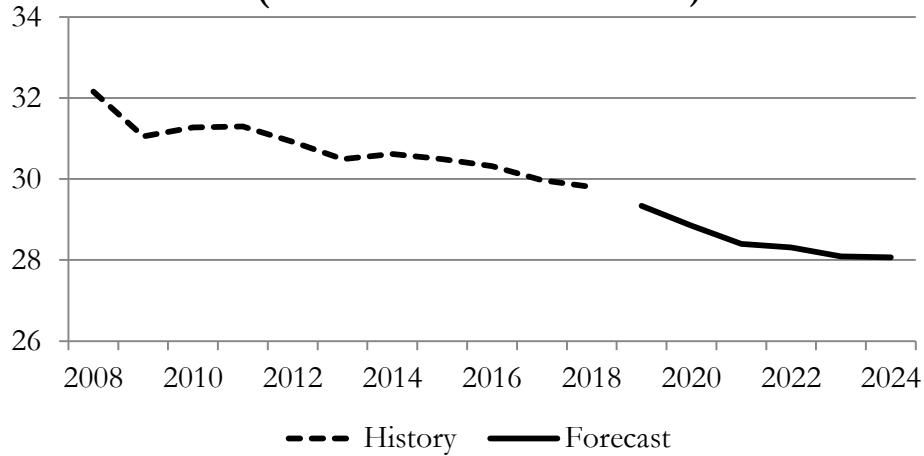
8
9 Q. FINALLY, HOW DOES CONTINUED STAGNATION OR REDUCTION IN SALES
10 LEVELS PUT CHALLENGES ON THE COMPANY?

11 A. First, I would note that NSPM is not alone in this regard. Generally
12 speaking there is continued downward pressure on sales and use per
13 customer across the industry. Over the last several years, improved energy
14 efficiency technologies have reduced electricity demand growth and changed
15 the amount of electricity used by an individual customer. At the same time,
16 distributed generation and other self-generation technologies have become
17 more accessible as material costs continue to come down. As a result, utility
18 customers are not only able to use less but also produce their own electricity.
19 This combination is causing lower sales volumes and depressed revenues,
20 putting new pressures on utilities, who continue to maintain the obligation to
21 deliver safe, reliable and affordable service with an aging infrastructure.

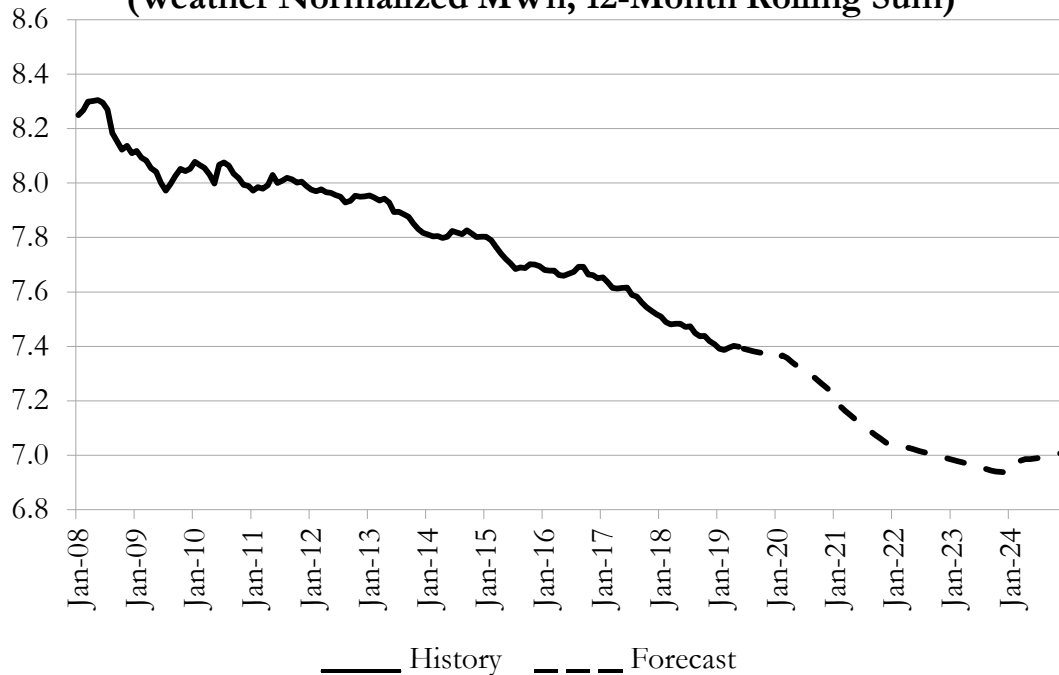
22
23 Our experience in NSPM has followed these industry trends since the Great
24 Recession, as discussed by Company witness Ms. Jannell E. Marks. For the
25 five years prior to the Great Recession, the Company experienced sales
26 growth of 1.4 percent on an annual basis, and use per customer increased 0.5
27 percent on annual basis. As Figures 1 and 2 below illustrate, both our total

1 sales and our use per customer have steadily declined since that time and our
2 forecasts show continued sales erosion.

3 **Figure 1**
4 **Retail Sales**
5 **(Weather Normalized GWh)**



14 **Figure 2**
15 **Minnesota Residential Use Per Customer**
16 **(Weather Normalized MWh, 12-Month Rolling Sum)**



1 Q. SO WHY IS THE COMPANY CONTINUING TO INVEST IN A STAGNANT OR
2 DECLINING SALES ENVIRONMENT?

3 A. We provide an essential service to 1.4 million customers. That service
4 profoundly impacts our customers and our communities. Whether or not
5 sales grow, we must and we will make the necessary investments in our core
6 and supporting infrastructure to continue providing energy to our customers
7 safely and reliably.

8

9 Q. HOW DOES THE STAGNANT OR DECLINING SALES ENVIRONMENT IMPACT
10 THIS RATE FILING?

11 A. Similar to our past two rate cases, declining sales necessarily mean that we
12 must recover our investment over fewer units of sales, leading to a portion
13 of our rate increase request. In addition, as with our past two rate cases, we
14 propose a sales true-up as Ms. Marks discusses and as I discuss further
15 below. Such a true-up, modeled after the true-up approved in our past two
16 rate cases, is a critical component of any MYRP for the Company. If,
17 instead of accurately setting rates on the basis of actual sales, rates are set on
18 the basis of a forecast that overstates sales, the Company simply cannot
19 recover the revenues it requires.

20

21 **E. Summary**

22 Q. PLEASE SUMMARIZE THE BENEFITS YOU SEE IN THE COMPANY'S VISION AND
23 BUSINESS PLAN AND ITS EFFORTS TO MEET THE CHALLENGES OF THE
24 CURRENT INDUSTRY LANDSCAPE.

25 A. For our customers, this vision and our plan for achieving it can continue to
26 assure safe, reliable, clean and affordable electric service while at the same
27 time creating opportunities for our customers to benefit from new

1 technologies and services. For regulators and policy makers, this vision and
2 plan continues to build on our collective achievements to date and continues
3 to position Minnesota at the forefront of energy policy. For the Company,
4 we have a path certain for the near future, while positioning ourselves to
5 adapt to emerging circumstances. The MYRP we propose enables the
6 achievement of all of these benefits.

7 8 **III. THE COMPANY'S THREE-YEAR** 9 **MULTI-YEAR RATE PLAN**

10 11 **A. Overview**

12 Q. PLEASE SUMMARIZE THE COMPANY'S THREE-YEAR MYRP REQUEST IN THIS
13 PROCEEDING.

14 A. The Company requests approval of a three-year MYRP, with a test year of
15 calendar year 2020 (2020 test year) and plan years of calendar years 2021 and
16 2022 (2021 plan year and 2022 plan year, respectively).

17
18 Q. WHAT IS THE FINANCIAL IMPACT OF THE COMPANY'S THREE-YEAR REQUEST?

19 A. Our three-year MYRP demonstrates a test year 2020 net revenue deficiency
20 of \$201.4 million, a 2021 plan year net incremental revenue deficiency of
21 \$146.4 million and a 2022 plan year net incremental revenue deficiency of
22 \$118.3 million, for a total net incremental revenue deficiency of \$466 million.
23 The Company also proposes to roll the cost recovery of certain projects
24 from the TCR and RES Riders into base rates, but to do so coincident with
25 the implementation of final rates. Mr. Halama provides the revenue
26 requirement schedules supporting this request.

1 Q. CAN YOU SUMMARIZE THE FINANCIAL DRIVERS OF THE COMPANY'S MYRP
2 REQUEST?

3 A. Yes. The largest single factor impacting our test year revenue requirement is
4 the erosion in sales since our 2016 test year, used as the baseline for our
5 2016-2019 MYRP. Other significant drivers include transmission,
6 distribution and nuclear capital additions, although O&M savings offset the
7 revenue requirements impacts of those to a significant degree. Mr. Halama
8 discusses the key drivers behind the 2020-2022 revenue deficiency in more
9 detail, but they can be summarized as follows:

- 10 • *Ongoing investments in carbon free electrical generation.* These include
11 investments and expenses related to our nuclear plants and in wind
12 energy. Mr. O'Connor and Mr. Capra discuss these investments and
13 expenses in more detail in their testimonies.
- 14 • *Investments to keep our core plants, substations, poles and wires operating reliably*
15 *for the future.* Mr. Capra, Mr. Benson and Ms. Bloch all discuss our
16 need to address certain aging infrastructure and to do so in a way that
17 not only ensures safe, reliable and clean energy for our customers, but
18 in a manner that meets customers' and policymakers' needs and
19 expectations going forward.
- 20 • *Investments in our AGIS initiative.* These investments in our core
21 infrastructure include investments in our AGIS initiative, discussed by
22 several Company witnesses including Mr. Gersack, Ms. Bloch, Mr.
23 Cardenas and Mr. Harkness.
- 24 • *Investments in our information technology systems.* Beyond the AGIS
25 investments, we have a need for increased investment in our
26 information technology infrastructure and assets to meet our
27 compliance obligations, as well as to address the security, data, and

1 technology needs of the organization and our customers. Mr.
2 Harkness provides details on the investments in this area.

- 3 • *Increased costs of business.* While we have achieved O&M reductions in
4 many areas, we continue to experience increased costs across much of
5 our business, such as increases in the compensation and benefits
6 needed to attract and retain the employees that provide our customers
7 with safe and reliable service.

8
9 Q. DO THE 2021 AND 2022 PLAN YEARS HAVE SIMILAR REVENUE DEFICIENCY
10 DRIVERS AS THE 2020 TEST YEAR?

11 A. Yes, the 2021 and 2022 revenue deficiencies are heavily driven by capital
12 investments in carbon-free energy, replacing aging transmission and
13 distribution infrastructure, and addressing our customer experience and
14 information technology needs. Mr. Halama provides a schedule showing the
15 drivers for these years, and each applicable business unit witness specifically
16 addresses the needs and drivers as well.

17
18 Q. HAS THE COMPANY TAKEN ANY STEPS TO NARROW THE ISSUES IN THIS CASE?

19 A. Yes. In developing this case, we sought to build on the lessons learned in
20 the 2016 MYRP and to avoid litigating certain issues that have been
21 previously resolved by the Commission in a consistent manner. For
22 example, our MYRP proposal includes customer protections and true-ups
23 based on the 2016-2019 MYRP approved mechanisms. We also avoided the
24 use of escalators in this MYRP, as those proved contentious in our last rate
25 case. In addition, the test year sales true-up we propose can avoid litigating
26 the issue of the test year sales forecast. Finally, we have excluded from our
27 request certain items that we view as reasonable and necessary to the

1 provision of service to our customers but that the Commission has
2 disallowed in the past, such as aviation and certain long-term incentive
3 compensation expenses. This approach narrows the issues in this
4 proceeding and allows parties to focus on analyzing the merits of our
5 proposed MYRP.

6
7 Q. COULD YOU FURTHER DISCUSS THE ITEMS THE COMPANY HAS REMOVED
8 FROM ITS RATE REQUEST?

9 A. Yes. The Company has proactively removed a number of items from its
10 request. Mr. Halama discusses these items in detail in his discussion of the
11 “precedential adjustments” and the “rate case adjustments” we made in
12 preparing and submitting our proposed revenue requirements for these three
13 years. These include items such as aviation cost, investor relations expenses,
14 portions of our long-term incentive compensation and annual incentive
15 compensation plans and other items. Collectively, the “precedential
16 adjustments” and incentive compensation adjustments alone amount to over
17 \$100 million dollars over the course of our proposed MYRP, as shown in
18 Mr. Halama’s Income Statement Adjustment Schedules (Exhibit____(BCH-1)
19 Schedules 11 a-c).

20
21 Q. WHAT IS THE SIGNIFICANCE OF THESE ITEMS FROM THE STANDPOINT OF THE
22 COMPANY?

23 A. These are reasonable and necessary expenses that enable us to provide the
24 quality and reliability of service our customers and the Commission expect.
25 The Company will incur these expenses. But by not seeking recovery of
26 these expenses in this case, shareholders will pay for them. By already
27 “adjusting” our revenue requirement, the Company has foregone the ability

1 to recover these expenses from customers, in the interest of conserving the
2 Commission's and other parties' resources and to keep the focus on the
3 MYRP and the critical cost recovery we propose here. Any further
4 "adjustments" to our revenue requirements will simply add to the challenge
5 of continuing to meet our customers' and other stakeholders' needs.

6
7 Q. DOES THE COMPANY PROPOSE ANY SIGNIFICANT RATE DESIGN CHANGES AS
8 PART OF ITS REQUEST?

9 A. Regarding general revenue apportionment or general intra-class rate design
10 issues, no. Instead, as discussed by Company witness Mr. Steven V. Huso,
11 we seek modest movements toward cost in our rate structure and are
12 proposing a \$1.50 increase to the fixed monthly customer charge for
13 residential and small commercial customers.

14
15 We do, however, include a new rate proposal. In Docket No. E002/M-18-
16 643, the Commission ordered the Company to develop and propose a new
17 general TOU rate that better reflects hourly system costs and sends a
18 stronger price signal to reduce peak demand. Company witness Mr. Lon M.
19 Huber addresses this requirement and also recommends that the proposed
20 three-part rate design we bring forward in this case provides a more
21 advantageous rate for commercial electric vehicle (EV) charging.

22
23 **B. Basic Structure of the 2020-2022 MYRP Request**

24 Q. BEFORE EXPLAINING THE STRUCTURE OF THE COMPANY'S MYRP, PLEASE
25 DESCRIBE THE COMMISSION'S MYRP ORDER AND THE CURRENT MYRP
26 STATUTE.

27 A. After the initial MYRP Statute was passed into law, but prior to extensive

1 amendments to that statute, the Commission undertook an investigation to
2 develop the terms, conditions and procedures for multi-year rate plans
3 (Docket No. E,G999/M-12-587). At the conclusion of that investigation the
4 Commission issued the MYRP Order, which principally found: (1) a utility
5 can seek to recover the costs for specific capital projects, and, as appropriate,
6 non-capital costs in the second and third year of the multi-year rate plan, and
7 (2) multi-year rate plans can be no longer than three years. The MYRP
8 Order also provided requirements about the information a utility must
9 include in an application for a multi-year rate plan, and the notices to be
10 provided to the utility's customers.

11
12 Q. DID THE MYRP STATUTE CHANGE AFTER THE COMMISSION ISSUED ITS
13 MYRP ORDER?

14 A. Yes, the MYRP Statute was amended during the 2015 legislative session and
15 supplanted some of the points covered by the MYRP Order.

16
17 Q. WHAT ASPECTS OF THE CURRENT MYRP STATUTE WOULD YOU LIKE TO
18 HIGHLIGHT?

19 A. The current MYRP Statute:

- 20 • Allows the utility to request the recovery of all of its capital and O&M
21 costs;
- 22 • Allows for up to two years of interim rate recovery;
- 23 • Allows for tariffs that expand products and services available to
24 customers;
- 25 • Can require performance measures and incentives that are, among
26 other things, consistent with state energy policies; and

- Can allow for the adjustment of rates under a multi-year rate plan as needed.

Q. WHEN THE COMPANY DEVELOPED ITS CURRENT MYRP REQUEST, DID IT CONSIDER BOTH THE COMMISSION'S MYRP ORDER AND THE NEW LEGISLATION SIGNED INTO LAW IN 2015?

A. Yes. As with our 2015 MYRP proposal, our current rate request incorporates concepts from both the MYRP Order and the MYRP Statute, as shown in the completeness matrix I have attached as Exhibit____(GPC-1), Schedule 2. The Company notes that there are several aspects of the MYRP Order which were not addressed by the new legislation. For matters addressed by the MYRP Order but not addressed in the new statute, the Company tried to tailor its proposal to match the MYRP Order. For matters addressed directly by the MYRP Statute and that provide greater flexibility than the MYRP Order to craft a plan that is in the public interest, our rate request utilizes some of these new tools, consistent with those used in the 2016-2019 MYRP.

Q. CAN YOU DISCUSS THE COMPANY'S OVERALL APPROACH AND THE STRUCTURE OF YOUR MYRP REQUEST?

A. Our MYRP request utilizes a traditional test year format for the 2020 test year. As a result, we are requesting to recover our forecasted capital and O&M for 2020. For the 2021 and 2022 plan years, we use this same approach, as opposed to using escalators for our O&M expenses as we proposed in our 2015 rate case. We have supported our request by including our full capital and O&M forecasts for 2021 and 2022 in Volumes 5 and 6 of our Initial Filing and through the pre-filed testimony and schedules of

1 various business unit witnesses. We have also included our five-year forecast
2 and cost of service in Volume 3, Section II, Part 8 of our filing.

3
4 **C. Walk Through of MYRP Request**

5 *1. 2020 Test Year and 2021 and 2022 Plan Years*

6 Q. HOW HAS THE COMPANY STRUCTURED THE 2020 PORTION OF ITS MYRP
7 REQUEST?

8 A. As Mr. Halama discusses in detail, for 2020 we use a traditional test year
9 approach to rate setting. This means we are relying on our capital and
10 O&M forecasts to prove the representative nature of the test year. This
11 portion of our case is no different than a typical rate case filing and Mr.
12 Halama and other Company witnesses provided the detailed support for our
13 request. Additionally, as I previously noted, the Company wishes to avoid
14 re-litigating certain issues recently decided or consistently decided in the
15 same manner by the Commission and has adjusted our revenue requirement
16 request accordingly. Our intent in taking this approach was to create an
17 opportunity to have a focused and constructive discussion of our MYRP
18 proposal.

19
20 Q. HOW HAS THE COMPANY STRUCTURED ITS REQUESTS FOR THE 2021 AND
21 2022 PLAN YEARS?

22 A. For 2021 and 2022, the Company also presents the revenue requirements
23 associated with its full cost of service based on our capital and O&M
24 forecasts for those years and again incorporating the precedential and
25 regulatory adjustments. Again, Mr. Halama and our other witnesses provide
26 the detailed support for our 2021 and 2022 forecasts. Below, I support the

1 overall structure of the MYRP and further explain how our MYRP proposal
2 results in just and reasonable rates.

3
4 a. Capital Investments

5 Q. HOW HAS THE COMPANY REFLECTED ITS EXPECTED CAPITAL INVESTMENTS
6 IN THE THREE-YEAR MYRP?

7 A. We used our capital forecasts for all three years of our MYRP to develop the
8 capital portion of the cost of service.

9
10 Q. WHY IS THIS A REASONABLE APPROACH?

11 A. This approach is reasonable for several reasons. First, the MYRP Statute
12 allows for the recovery of “the utility’s forecasted rate base,” which must
13 include the “utility’s planned capital investments and investment-related
14 costs, including income tax impacts, depreciations, and property taxes...”
15 This recovery can be based on a budget forecast which is the approach taken
16 by the Company and was the approach taken in the Company’s past two rate
17 cases.

18
19 Second, as Company witness Mr. Gregory J. Robinson discusses, the
20 Company’s budgeting process is iterative, rigorous, and leads to forecasts
21 that reasonably represent the Company’s investments during the forecasted
22 period, providing a sound basis on which to set rates.

23
24 Third, the Company’s business area witnesses have described their respective
25 business plans that drive the key investments forecasted for their areas in
26 2021 and 2022. While the Company acknowledges that not every forecasted
27 capital project will play out as we currently envision, our business units have

1 a business plan and will pursue projects to accomplish those plans during the
2 MYRP period. Each business unit's capital forecast is aligned with its
3 business plan and as a result the forecast provides a representative picture of
4 the capital investments that will occur during the MYRP period.

5
6 Fourth, the Company utilized this approach in developing its MYRP
7 proposal in the 2015 rate case and the Company's capital forecasts provided
8 the underlying support for the 2016-2019 MYRP. When combined with the
9 capital true-up, which we propose to use again in this proceeding, the
10 Commission can have confidence that customers are receiving the benefits
11 of prudent capital investments.

12
13 Q. CAN THE COMMISSION BE ASSURED THAT THE COMPANY WILL NOT OVER-
14 COLLECT FOR ITS CAPITAL INVESTMENTS DURING THE MYRP?

15 A. Yes. As I discuss further, below, the Company proposes a capital true-up
16 mechanism, modeled after the mechanism approved by the Commission for
17 the 2016-2019 MYRP. This capital-related revenue requirements true-up is
18 one-way, meaning that the Company will make refunds if its capital-related
19 revenue requirements in any year fall below the Commission-approved
20 capital-related revenue requirements, but cannot surcharge customers if the
21 reverse holds true. This approach strikes a reasonable balance between
22 providing the Company with flexibility to manage its business and protecting
23 customers from any "over-budgeting" by the Company.

24
25 Q. IS THE COMPANY'S RECOMMENDATION THAT THE COMMISSION APPROVE
26 THIS "CAPITAL TRUE-UP" FOR THE ENTIRETY OF THE COMPANY'S THREE-
27 YEAR MYRP?

1 A. Yes. Our filing demonstrates the reasonableness of our capital forecasts and
2 the reliability of these forecasts for rate setting, with or without such a “true-
3 up” process. With that being said, we believe there is value in advancing a
4 customer protection mechanism (*i.e.*, aggregate true-up with refund) similar
5 to that used in the 2016-2019 MYRP.

6
7 Q. DOES THE COMPANY’S THREE-YEAR MYRP REQUEST, WITH RESPECT TO ITS
8 CAPITAL PROJECTS, INCORPORATE THE IMPACTS OF THE PASSAGE OF TIME?

9 A. Yes. We developed our three-year MYRP request by using a full cost of
10 service model for the 2021 and 2022 plan years. By using a full cost of
11 service for both years, we have captured all changes in plant balances,
12 depreciation expense, and accumulated depreciation during 2021 and 2022,
13 and as a result, we have fully reflected the revenue requirement impacts of
14 the passage of time. Company witnesses Mr. Halama and Ms. Laurie J. Wold
15 discuss this further in their respective Direct Testimonies.

16
17 b. Operations and Maintenance

18 Q. HOW HAS THE COMPANY ADDRESSED O&M EXPENSES IN THIS MYRP
19 PROPOSAL?

20 A. In contrast to our 2015 rate case MYRP request, which used escalators for
21 our O&M expenses in the plan years, the Company used forecasted O&M
22 for the plan years in this proceeding. Use of escalators proved contentious
23 in the last case. To avoid such controversy in this proceeding, we provide
24 our full O&M forecasts for the test year and for the 2021 and 2022 plan
25 years. Similar to our support for the capital related portion of our requests,
26 Mr. Robinson discusses our budgeting and forecasting process generally and

1 our business area witnesses discuss the drivers for O&M expenses
2 throughout the MYRP years in their testimonies.

3
4 c. Sales revenues

5 Q. HOW DOES THE COMPANY REFLECT ITS SALES THROUGH THE COURSE OF
6 THE MYRP?

7 A. Company witness Ms. Marks provides the Company's sales forecast for
8 2020-2024. As Ms. Marks and I discuss, given the length of time this
9 proceeding will last, 2020 test year revenues can be set to reflect actual test
10 year sales. For the 2021 and 2022 plan years, we recommend that rates be
11 set based on the forecasts for those years provided by Ms. Marks.

12
13 d. Other Cost Recovery Issues

14 Q. DOES THE MYRP PROPOSED BY THE COMPANY ALSO INCLUDE COST
15 RECOVERY THROUGH THE AMORTIZATION OF CERTAIN EXPENSES?

16 A. Yes. Certain expenses such as rate case expenses or deferred expenses are
17 not ongoing O&M expenses but are nevertheless part of the cost of service.
18 For all but the Aurora Distributed Solar, LLC (Aurora) issue discussed
19 below, as part of our MYRP, we propose to amortize these items over three
20 years, since we would file our next rate case to coincide with the end of the
21 MYRP.

22
23 Q. AND DOES THE COMPANY ALSO PROPOSE RECOVERY OF A PORTION OF THE
24 AURORA POWER PURCHASE AGREEMENT (PPA) THAT WAS DENIED BY THE
25 STATE OF SOUTH DAKOTA?

26 A. Yes. By way of background, the Commission selected a solar project to be
27 developed by Aurora Distributed Solar, LLC (Aurora) and then approved a

1 PPA between the Company and Aurora in Docket No. E002/CN-12-1240.
2 The Company opposed this project due to its high cost. This resource was
3 disputed by the South Dakota Public Utilities Commission (SDPUC) in
4 Docket No. EL16-037 as being too expensive. In that docket, the SDPUC
5 prohibited the Company from recovering the full South Dakota portion of
6 Aurora. Instead, SDPUC limited recovery from South Dakota ratepayers to
7 an energy proxy price (derived from the system average cost of fuel and
8 purchased power), with no capacity component.

9
10 The Company therefore requests authorization to recover the difference
11 between the contracted PPA and the SDPUC proxy price for the period
12 January 1, 2017 (the date the SDPUC denied recovery) to January 1, 2022,
13 through this case. We request recovery of these costs over the two-year
14 period from January 1, 2020 to December 31, 2021 and then to include this
15 portion of the cost of Aurora in the FCA beginning January 1, 2022.

16
17 Q. WHY SHOULD THIS COMMISSION ALLOW RECOVERY OF THESE COSTS?

18 A. Given the background I reference above, the Company should be allowed
19 full recovery of the costs of this project and recovery of this portion of the
20 cost of the Aurora PPA from our Minnesota customers is reasonable and
21 appropriate. Without recovery, shareholders would be forced to absorb a
22 portion of the costs of a project the Company opposed. Mr. Halama
23 addresses the adjustment necessary to provide this recovery in his testimony.

24
25 e. Revenues and Margins

26 Q. DID THE COMPANY INCORPORATE OFFSETTING REVENUES THAT LOWER THE
27 MYRP REVENUE REQUIREMENTS?

1 A. Yes. By developing each of our MYRP years' revenue requirements using a
2 full cost of service approach, we are capturing the full array of issues that
3 impact those revenue requirements – both items that increase revenue
4 requirements and items that decrease them. Mr. Halama discusses this
5 further in his testimony.

6
7 f. Rate of Return

8 Q. DOES THE MYRP STATUTE ADDRESS TREATMENT OF A UTILITY'S COST OF
9 CAPITAL DURING THE TERM OF ITS PLAN?

10 A. Yes. The MYRP Statute specifically provides that the Commission “may
11 allow the utility to adjust recovery of its cost of capital or other costs in a
12 reasonable manner within the plan period.”

13
14 Q. WHY MIGHT SUCH AN ADJUSTMENT BE REASONABLE AS PART OF A MYRP?

15 A. Under an MYRP, utilities, regulators, customers and others are entering into
16 a lengthy rate compact. Typically the utility is not allowed to come back for
17 additional revenues until the conclusion of the multi-year rate plan. This
18 restriction places increased risk on the utility, which, in turn, could increase
19 the utility's required ROE. Additionally, other external factors could
20 influence the Company's required ROE over the term of the plan, such as
21 rising interest rates.

22
23 Q. IS THE COMPANY PROPOSING AN ADJUSTMENT TO ITS REQUESTED 10.20
24 PERCENT ROE FOR THE 2021 AND 2022 PLAN YEARS?

25 A. No. While the MYRP Statute allows for such adjustments, we are not
26 proposing any adjustments to the requested ROE. Our intent by proposing
27 a fixed ROE is to limit the number of potentially contested issues in this

1 proceeding. However, this highlights the importance of a reasonable and
2 appropriate cost of equity during the term of the MYRP and Company
3 witness Mr. John Reed addresses this issue in his testimony.
4

5 g. Rate Design

6 Q. DOES THE COMPANY PROPOSE ANY SIGNIFICANT RATE DESIGN CHANGES
7 DURING THE TERM OF THE MYRP?

8 A. No. Mr. Huso discusses the Company's overall approach to rate design,
9 including our approach to the 2021 and 2022 plan years, in his testimony. In
10 general, we have adopted the same approach to both revenue apportionment
11 and rate design in the 2021 and 2022 plan years as we did for the 2020 test
12 year. As I noted earlier, we do bring forward a new general TOU rate as
13 ordered by the Commission that better reflects hourly system costs and
14 sends a stronger price signal to reduce peak demand. Mr. Huber addresses
15 this proposal in his testimony.
16

17 2. *Other MYRP Request Features*

18 a. Performance Metrics

19 Q. DOES THE COMPANY CURRENTLY HAVE "PERFORMANCE METRICS" IN PLACE
20 TO ASSURE CONTINUED STRONG PERFORMANCE DURING THE TERM OF ITS
21 MYRP?

22 A. Yes. The Company has a strong foundation in place to assure strong
23 performance in those areas of concern to our customers, most notably
24 through our Quality Service Plan (QSP) Tariff. Our QSP tariff is the result
25 of extensive negotiations with the Department of Commerce, Office of the
26 Attorney General and the Suburban Rate Authority and was approved by the
27 Commission. The QSP tariff is penalty-based and tracks eight metrics

1 including: reliability, customer complaints, call response time, billing
2 accuracy, and others. The Commission has ongoing oversight of our QSP
3 Tariff through our annual reports.

4
5 Q. IS THE COMPANY PROPOSING ADDITIONAL PERFORMANCE MEASURES TO BE
6 PUT IN PLACE DURING THE TERM OF THE MYRP?

7 A. Yes. When the legislature amended the MYRP statute, it specified that the
8 Commission may require a utility under such a plan to provide a set of
9 reasonable performance measures and incentives “that are quantifiable,
10 verifiable, and consistent with state energy policies.” Consistent with this
11 legislative direction, we propose three performance incentive mechanisms
12 (PIMs) related to reducing carbon emissions, as set forth in the testimony of
13 Company witness Ms. Nancy E. Ryan – an electricity portfolio carbon
14 reduction PIM and two electric vehicle PIMs.

15
16 Q. ARE THE COMPANY’S PROPOSED PIMs IN THIS PROCEEDING CONSISTENT
17 WITH THE DIRECTION PROVIDED BY THE COMMISSION IN THE
18 PERFORMANCE BASED RATEMAKING DOCKET NO. E002/CI-17-401 (PBR
19 docket)?

20 A. Yes. As Ms. Ryan discusses, the PIMs proposed here are consistent with the
21 principles adopted by the Commission for performance metrics established
22 in its September 18, 2019 Order Establishing Performance Metrics, in the
23 PBR docket.

24
25 Q. WHY SHOULD THE COMMISSION APPROVE PIMs IN THIS PROCEEDING, WHEN
26 THE PBR DOCKET IS ONGOING?

27 A. From a policy perspective, this MYRP provides an opportunity to begin

1 implementing a limited set of PIMs that are consistent with state policy.
2 Implementing the three PIMs recommended by Ms. Ryan can provide
3 valuable insights to the Commission and other stakeholders during these
4 next three years that can inform the ongoing work of the PBR docket.
5 Alternatively, the Commission may choose to defer any decision on PIMs at
6 this time and discuss the issue further in the PBR docket.

7
8 b. Riders

9 Q. IS THE COMPANY PROPOSING TO REMOVE ANY ITEMS FROM ITS CURRENT
10 RES RIDER DURING THE TERM OF ITS THREE-YEAR MYRP PROPOSAL?

11 A. Yes. Mr. Halama discusses the Company's proposed ratemaking treatment
12 associated with each of the riders in use, including the Company's proposal
13 to move recovery of a number of projects currently being recovered in riders
14 to base rates, coincident with implementation of final rates in this
15 proceeding. Those include the following projects:

- 16 • Courtenay Wind Farm,
- 17 • Foxtail Wind Farm,
- 18 • Blazing Star I Wind Farm and
- 19 • Lake Benton Wind Farm.

20
21 These projects are all in service or projected to be in service by December
22 31, 2019. Other projects not yet in service will continue to have their costs
23 and production tax credits (PTCs) included in the RES Rider, and we
24 propose to begin including costs and PTCs related to the Dakota Range
25 wind project in the RES Rider, as discussed by Mr. Halama. We also discuss
26 these matters in our 2019 and 2020 RES Rider petition, which is being
27 prepared concurrently with the preparation of my Direct Testimony.

1 Q. WHY IS THE COMPANY STILL SEEKING TO RECOVER THE COSTS RELATED TO
2 THESE PROJECTS THROUGH THE RES RIDER?

3 A. We appreciate that the MYRP Order encourages the transitioning of cost
4 recovery from riders to base rates. With these ongoing or new projects,
5 however, the RES rider provides greater certainty and accuracy around cost
6 recovery. This is because the majority of the revenue requirement impact of
7 these projects will occur beyond the test year of 2020, and even though we
8 have requested interim rates in 2021, we are cognizant that the Commission
9 has not yet granted a “second year” of interim rates under the MYRP
10 Statute. By leaving recovery of these projects in the RES Rider, we simplify
11 the second year interim rate issues.
12

13 Q. IS THE COMPANY ALSO PROPOSING TO MOVE RECOVERY OF CERTAIN TCR
14 RIDER PROJECTS INTO BASE RATES WITH THE IMPLEMENTATION OF FINAL
15 RATES?

16 A. Yes. As Mr. Halama discusses in more detail, we propose to move the three
17 CapX2020 LaCrosse projects, CapX2020 Brookings, CapX2020 Fargo, Big
18 Stone – Brookings, and LaCrosse - Madison projects from TCR Rider
19 recovery to base rate recovery coincident with implementation of final rates
20 in this rate case.
21

22 Q. DOES THE COMPANY PROPOSE TO CONTINUE THE TCR RIDER DURING THE
23 MYRP?

24 A. Yes. Specifically, the Company requests continued recovery of the ADMS
25 project, and to begin recovery of the Huntley – Wilmarth project, through
26 the TCR Rider. These are large qualifying projects that are not yet fully in
27 service, making continued Rider recovery appropriate. We also request to

1 continue recovery of the MISO RECB Schedule 26 and 26A net revenues
2 through the TCR Rider. Finally, as Mr. Gersack discusses, the Company
3 requests certification of the AGIS projects we discuss here, so that the
4 Company would be allowed to request rider recovery of AGIS costs for
5 2023 and later in the event the Company would not otherwise file a new
6 general rate case.

7
8 Q. FOR THE RES OR TCR PROJECTS MOVING TO BASE RATES, WHY IS THE
9 COMPANY PROPOSING TO ROLL THESE PROJECTS IN AT FINAL RATE
10 IMPLEMENTATION INSTEAD OF AT THE OUTSET OF THIS CASE?

11 A. At the outset, it is important to recognize that there is no net impact to
12 customers from the Company recovering the project costs through the TCR
13 or RES Riders or base rates. It is just the mechanics of the recovery that
14 changes. With that understanding, we believe that rolling these projects into
15 base rates coincident with implementation of final rates is a reasonable
16 approach and consistent with general ratemaking principles. It is also worth
17 noting that continued recovery of these projects through the TCR and RES
18 Riders during the interim rate period is relatively simple and straightforward
19 and mirrors the approach taken with the TCR Rider in the Company's 2015
20 rate case.

21
22 Q. CAN YOU BRIEFLY DESCRIBE THE COMPANY'S APPROACH FOR ROLLING
23 THESE PROJECTS INTO BASE RATES DURING FINAL RATE IMPLEMENTATION?

24 A. Our approach starts with an interim rate adjustment that excludes these
25 projects from interim rates. When we implement final rates, which will
26 include the projects in base rates, we will simultaneously remove these
27 projects from the TCR and RES Rider mechanisms and reduce our recovery

1 through those Riders. This approach is consistent with the Commission's
2 treatment of Metropolitan Emission Reduction Project (MERP) costs
3 recovered through the Environmental Improvement Rider (EIR) and the
4 Nobles Wind, Grand Meadow Wind and Wind2Battery projects recovered
5 through the RES Rider in our 2010 rate case (Docket No. E002/GR-10-
6 971).

7
8 Q. WHAT DOES THE COMPANY PROPOSE WITH REGARD TO OTHER RIDERS?

9 A. Consistent with our last case, we propose to continue the use of the RDF
10 Rider, CIP Rider, Windsource Rider, Renewable*Connect Rider, and the
11 FCA in their current forms.

12
13 Q. ARE THE COMPANY'S RIDER PROPOSALS CONSISTENT WITH THE MYRP
14 ORDER AND STATUTE AND WITH THE 2016-2019 MYRP?

15 A. Yes. Consistent with the MYRP Order, the Company proposes to move a
16 number of in-service projects from rider recovery to base rate recovery.
17 Other projects will remain in riders for recovery during the MYRP, and new
18 qualifying projects may be added. This approach is reasonable and
19 consistent with the MYRP Statute, which specifically allows utilities
20 proposing MYRPs to propose adjustments for significant investments during
21 the term of the plan.

22
23 From a policy perspective, MYRPs and riders can be viewed as
24 complementary of one another. In an environment of flat sales and ongoing,
25 needed capital investments, base rates can provide the necessary recovery of
26 those core investments, while riders can focus on discrete qualifying projects
27 or new policy-driven initiatives, which may require more frequent oversight

1 and scrutiny. When used together in this way, a MYRP and riders can
2 provide stable, predictable, consistent rate recovery for a sustained period of
3 time, while encouraging pursuit of policy goals. The 2016-2019 MYRP
4 accomplished that result, and the Company's proposed MYRP can as well.

5
6 c. Cost Recovery of Pilots

7 Q. DID THE COMMISSION RECENTLY ADDRESS THE ISSUE OF COST RECOVERY
8 ASSOCIATED WITH PILOT PROGRAMS INITIATED DURING A MYRP?

9 A. Yes. In Docket No. E002/M-18-643, the Commission approved deferred
10 accounting for certain pilot program expenses related to the Company's
11 Fleet EV Service Pilot and Public Charging Pilot. In its Order, the
12 Commission also required the Company "to address in its next rate case
13 filing how it intends to handle and budget for future pilots prior to its
14 following rate case filing."

15
16 Q. WHAT DOES THE COMPANY INTEND WITH RESPECT TO PILOTS DURING THE
17 MYRP PERIOD?

18 A. There is no "one size fits all" solution for how pilots and cost recovery for
19 those pilots should be handled. If the Company determines or is required to
20 offer a new pilot, we will examine the specific program, assess whether it
21 qualifies for any currently approved rider, and if not, consider whether
22 deferred accounting is appropriate. Any petition we file for approval of the
23 pilot will fully discuss any cost recovery proposal associated with it, and
24 Commission approval would be required before cost recovery could occur.
25 This approach is consistent with the MYRP Order, which states that "the
26 Commission will address petitions for riders and deferred accounting on a

1 case-by-case basis as they arise, and will consider the status and objectives of
2 the petition.”

3
4 d. Proposed True-ups During the Term of the MYRP

5 Q. DOES THE COMPANY PROPOSE ANY “TRUE-UP” MECHANISMS DURING THE
6 TERM OF ITS PLAN?

7 A. Yes. The Company proposes true-ups modeled after the true-ups approved
8 in the Company’s 2015 rate case for our current MYRP, and I discuss the
9 policy rationale for these true-ups below. Much like our last case, this case is
10 likely to transpire such that we will have the benefit of having actual test year
11 information about our sales prior to calculating and implementing final rates.
12 Consistent with the 2016-2019 MYRP, we recommend setting final rates
13 based on actual test year weather normalized sales. We also recommend
14 using true-ups for our capital related revenue requirements and property
15 taxes throughout the MYRP. Company witness Ms. Amy A. Liberkowski
16 discusses these mechanisms in more detail and proposes a schedule for the
17 Company’s compliance filings necessary to implement any required
18 adjustments to rates based on review and approval of those filings.

19
20 (1) *Sales True-up*

21 Q. PLEASE EXPLAIN THE COMPANY’S PROPOSED TEST YEAR SALES TRUE-UP.

22 A. As Ms. Marks discusses, the Company proposes a true-up of the Company’s
23 sales for the 2020 test year, as was done in the Company’s last two rate cases.
24 This true-up is integral to our MYRP proposal, as it ensures that rates will be
25 set properly during the test year.

1 Q. WHY IS THE SALES TRUE-UP SO INTEGRAL TO YOUR MYRP PROPOSAL?

2 A. First, it is important to recognize the role of sales and the sales forecast in a
3 general rate case. As Ms. Marks discusses, the goal of the sales forecast as
4 used in a rate case is to best predict the ultimate sales that the Company will
5 experience. However, sales forecasts often become contentious issues in rate
6 cases, given their impact on revenue requirements. For example, if the sales
7 forecast projects lower sales than the utility ultimately achieves, rates will
8 have been overstated, all else equal, and customers will have paid more than
9 necessary for the Company to earn its authorized return. Conversely, if the
10 sales forecast is overstated, rates will be set too low, and the utility will be
11 denied a reasonable opportunity to earn its authorized return.

12

13 To set base rates appropriately and treat both customers and the Company
14 fairly, in the Company's past two rate cases the parties agreed to have actual
15 data inform the proceeding, rather than relying exclusively on one or the
16 other of the competing forecasts. Given the length of time those cases took
17 to process, full test year sales data was available to set final rates. The same
18 will be true in this proceeding. By the time of completion of this proceeding,
19 the Company will have full test year sales data available and there will simply
20 be no need to rely on a test year forecast which, absent perfection in the
21 forecast, would necessarily lead to rates being set too high or too low.

22

23 Q. DOES THE COMPANY ALSO PROPOSE AN ONGOING SALES TRUE-UP FOR
24 NSPM'S DEMAND CUSTOMER CLASSES, AS WAS USED IN THE 2016-2019
25 MYRP?

26 A. No. Instead, rather than the partial decoupling provided by the sales true-up
27 in the 2016-2019 MYRP, we propose a full decoupling mechanism for these

1 classes as well. Company witness Mr. Lon Huber presents this proposal and
2 explains that it better allows the Company recovery of its fixed costs, while
3 working to fulfill important public policy goals such as energy efficiency and
4 demand response.

5
6 (2) *Capital True-up*

7 Q. PLEASE DESCRIBE THE COMPANY'S PROPOSED CAPITAL TRUE-UP.

8 A. The Company proposes a capital true-up designed in conformance with that
9 used in the 2016-2019 MYRP and previously approved by the Commission
10 in our 2013 rate case (Docket No. E002/GR-13-826). Under this
11 mechanism, the Company will provide a refund to customers if the
12 Company's actual capital-related revenue requirement is less in total in any of
13 the MYRP years than the Commission authorizes for that year. Conversely,
14 if the Company's actual capital-related revenue requirement is more in total
15 in the MYRP year than the Commission authorizes for that year, the
16 Company cannot surcharge customers to collect that difference.

17
18 Q. WHY IS SUCH A CAPITAL TRUE-UP MECHANISM REASONABLE?

19 A. From the customers' perspective, this capital true-up provides protection
20 and assurance that the Company will not over-collect for its capital
21 investments during the term of the MYRP. From the Company's
22 perspective, although we have demonstrated the reasonableness of our
23 capital forecasts in this rate filing, we see the value in offering this ratepayer
24 protection and, by focusing the true-up on total capital-related revenue
25 requirements, we retain the flexibility to manage our business during the
26 term of the MYRP.

1 (3) *Property Tax True-up*

2 Q. PLEASE DESCRIBE THE COMPANY'S PROPOSED PROPERTY TAX TRUE-UP.

3 A. As with the capital true-up, the Company proposes a property tax true-up
4 designed in conformance with that used in the 2016-2019 MYRP and
5 previously approved by the Commission in our 2013 rate case. As Mr.
6 Christopher A. Arend discusses, given the expected procedural schedule for
7 this case, we believe it may be possible to set final rates based on actual
8 property taxes for 2020 rather than relying on a forecast. Alternatively, final
9 rates can be set based on the Company's property tax forecast for 2020 and
10 the Company would make a compliance filing once final 2020 property taxes
11 are known, so that any over-recovery could be refunded, or any under-
12 recovery could be deferred, as discussed by Company witness Ms.
13 Liberkowski. Going forward, 2021 and 2022 rates would be set based on
14 forecasted property tax amounts. However, the Company would submit
15 annual compliance filings that show actual property taxes for those years
16 once they are finalized. Any over-recovery could be refunded, or any under-
17 recovery could be charged, again as discussed by Ms. Liberkowski.

18
19 Q. WHY IS A PROPERTY TAX TRUE-UP REASONABLE AS PART OF THE MYRP?

20 A. While the Company strives to develop the best property tax forecasts it can,
21 there is always uncertainty about the finality of state Department of Revenue
22 valuations each year. Therefore, final property taxes could be higher or
23 lower than our forecasts. A symmetrical true-up mechanism, as was used in
24 the 2016-2019 MYRP, allows the Company to recover this necessary cost of
25 providing service and ensures customers only pay the actual property tax
26 amounts for a given year.

1 e. Compliance Filings/Status Reports

2 Q. WHAT DOES THE MYRP ORDER ENVISION REGARDING COMMISSION
3 REVIEW DURING THE TERM OF AN MYRP AND WHAT DOES THE COMPANY
4 PROPOSE IN THIS REGARD?

5 A. The MYRP Order directs utilities to propose a process for filing and a
6 schedule for reviewing reports that compared the estimated costs and
7 revenues for the plan years to the actual costs and revenues experienced and
8 to explain the reasons for any difference so that the Commission and parties
9 can evaluate the accuracy of the estimates used in the MYRP rate making
10 process. Ms. Liberkowski describes the compliance filings the Company
11 proposes to make and a proposed schedule for review of those filings.
12 These filings, together with the Company's sales and decoupling true-up
13 reports and our May 1 Jurisdictional Annual Report (JAR) will ensure
14 ongoing regulatory oversight and provide the Commission and parties a
15 wealth of information on which to assess the Company's performance under
16 the MYRP.

17
18 f. Commitment to Not File During Term of Plan

19 Q. THE MYRP ORDER STATES THAT A UTILITY MAY NOT FILE A NEW RATE CASE
20 DURING THE TERM OF AN APPROVED MYRP. DOES THE COMPANY AGREE?

21 A. Yes. As I have already discussed, one of the benefits of a just and reasonable
22 MYRP plan is that it can provide stable and predictable rates for a period of
23 time and avoid the need for serial rate case filings. If the Commission
24 approves another MYRP for the Company, we would not file a new rate case
25 during the term of the plan.

1 g. Rates at the Conclusion of the Plan

2 Q. THE MYRP ORDER REQUIRES A UTILITY TO “EXPLAIN THE RATES THAT IT
3 PROPOSES TO BE IN EFFECT” AT THE END OF THE PLAN. WHAT DOES THE
4 COMPANY PROPOSE IN THIS REGARD?

5 A. Rates during the final year of the MYRP would remain in effect at the
6 conclusion of the term of the MYRP, unless the Company files another
7 MYRP 60 days prior to the conclusion of the term and proposes new interim
8 rates.

9
10 3. Conclusion

11 Q. HOW CAN THE COMMISSION HAVE CONFIDENCE THAT THE COMPANY’S
12 RATES WILL BE JUST AND REASONABLE UNDER YOUR MYRP REQUEST?

13 A. Our three-year MYRP is built on a full cost of service approach. For the
14 capital-related portions of this request, the MYRP relies on our capital
15 forecasts, which are established through a rigorous process and have proven
16 to be conservative over time. Our business unit witnesses and supporting
17 documentation also provide significant discussion of the main capital drivers
18 over the three-year term of the plan. By utilizing the full cost of service
19 approach, we have also fully captured the impact of the passage of time
20 throughout the MYRP period. Finally, we propose an overall capital related
21 revenue requirements true-up that will provide refunds to customers should
22 we not invest at the levels forecasted.

23
24 For expense items, we have also employed a full cost of service approach in
25 this case, again supported by our forecasts and by our business area
26 witnesses. Given our full cost of service approach, we also have
27 incorporated revenue or other offsets that reduce our revenue requirements

1 in the plan years. This approach has resulted in modest and stable rate
2 requests for the 2021 and 2022 plan years that should assure the affordability
3 of our energy services over the term of the plan.
4

5 Finally, the Commission will receive a wealth of information, in the form of
6 compliance filings, true-up filings and our jurisdictional annual report, by
7 which it can review the impact on customers as well as our performance and
8 our financial results.
9

10 Collectively, this package provides assurance that our rates will be just and
11 reasonable throughout the term of our plan.
12

13 **D. Interim Rate Request**

14 Q. WHAT IS THE COMPANY'S INTERIM RATE REQUEST?

15 A. The Company's interim rate increase request is detailed in Volume 1 of our
16 Application. We are requesting the Commission approve an interim rate
17 increase of approximately 4.1 percent beginning January 1, 2020. We expect
18 this proceeding could last until into the 2021 calendar year. For that reason,
19 and consistent with the MYRP Statute, we are also proposing an additional
20 interim rate increase beginning January 1, 2021.
21

22 Q. WHY IS INTERIM RATE RECOVERY IMPORTANT?

23 A. In order to meet our customers' and other stakeholders' needs and
24 expectations for the continued delivery of clean, safe, reliable energy, our
25 revenues need to be adjusted on an interim basis so we can recover the costs
26 that have been incurred and will be spent during this proceeding. For

1 example, a sizable amount of our 2020 request relates to investments that
2 will be in-service before final rates are likely to be in effect.

3

4 Q. IS THERE ANYTHING YOU WOULD LIKE TO NOTE ABOUT THE COMPANY'S
5 INTERIM RATE REQUEST?

6 A. The Company's interim rate request for 2020 is substantially lower than our
7 final base rate request because we are keeping certain recoveries in riders
8 during the pendency of the case and then rolling those projects in to base
9 rates at the conclusion of the proceeding. We discuss this further in Mr.
10 Halama's testimony and in the Notice and Petition for Interim Rates,
11 included in Volume 1.

12
13 Q. WHY IS IT REASONABLE TO HAVE A SECOND INTERIM RATE INCREASE IN
14 2021?

15 A. Based on the statutory timeline for our case and our experience in our last
16 rate case, we do not anticipate a final order in this case in 2020. This means
17 that we will still be making increasing investments and facing increased costs
18 in 2021. To be positioned to meet our customers' needs, an interim rate
19 increase is appropriate and the MYRP Statute specifically allows for such an
20 increase.

21
22 Q. WHAT ADJUSTMENTS HAS THE COMPANY MADE TO ITS 2020 INTERIM RATE
23 REQUEST?

24 A. We have made adjustments to our interim rate request required by
25 Minnesota law, such as reflecting our currently authorized ROE, as well as a
26 few additional adjustments, such as removing the impact of the projects
27 currently being recovered in our TCR or RES Riders, but proposed to be

1 rolled in to final rates at the conclusion of this proceeding. Again, these
2 adjustments are addressed in our Notice and Petition for Interim Rates.

3
4 Q. WHAT ADJUSTMENTS HAS THE COMPANY MADE TO ITS 2021 INTERIM RATE
5 REQUEST?

6 A. We took the same approach to our 2021 interim rates as we did to our 2020
7 interim rate request.

8
9 **IV. FRAMEWORK OF FILING AND**
10 **COMPLETENESS MATRIX**
11

12 Q. CAN YOU EXPLAIN HOW THE INITIAL FILING IS ORGANIZED IN THIS CASE?

13 A. Yes. The filing consists of multiple volumes, as follows:

- 14 • Volume 1 contains our Notice of Change of Rates and Interim Rate
15 Petition.
- 16 • Volumes 2A through 2E include the Direct Testimony and supporting
17 schedules of each of the witnesses.
- 18 • Volume 2F contains our proposed Tariff sheets for the 2020 test year
19 and the 2021 and 2022 plan years.
- 20 • Volume 3 includes the Required Financial Information, providing that
21 information in support of each of the three years of our MYRP rate
22 request and includes our five-year forecast and cost of service, so that
23 parties and the Commission have the benefit of this information in
24 determining the appropriate MYRP for the Company.
- 25 • Volume 4 includes the workpapers primarily supporting the cost of
26 service studies for the 2020 test year and 2021 and 2022 MYRP plan
27 years, prepared at the direction of Mr. Halama.

- 1 • Volume 5 includes our Budget Summary and Documentation
2 • Volume 6 includes our Budget Documentation.
3

4 Q. HAVE YOU PROVIDED A COMPLETENESS MATRIX, DEMONSTRATING THE
5 COMPANY'S COMPLIANCE WITH ALL RATE CASE FILING REQUIREMENTS?

6 A. Yes. I have attached our completeness matrix as Exhibit____(GPC-1),
7 Schedule 2.
8

9 **V. INTRODUCTION OF WITNESSES**
10

11 Q. PLEASE INTRODUCE THE WITNESSES THE COMPANY SPONSORS IN THIS
12 PROCEEDING.

13 A. In addition to my Policy testimony, the Company sponsors the following
14 witnesses:

- 15 • Amy Liberkowski, who provides further discussion of the details
16 related to the Company's MYRP request.
17 • Nancy Ryan, of E3, who provides discussion of proposed
18 performance incentive mechanisms during the MYRP.
19 • Benjamin Halama, who sponsors the overall revenue requirement for
20 the rate case. Mr. Halama also sponsors the schedules supporting our
21 income statement, rate base, revenue deficiency, and jurisdictional
22 allocations. His schedules incorporate and reflect the
23 recommendations of a number of our witnesses, including the
24 business area, cost of capital and sales forecast witnesses. Mr. Halama
25 also supports certain cost recovery proposals.

- 1 • Sarah Soong, who sponsors our capital structure, cost of debt, and
2 overall cost of capital recommendations and provides testimony
3 regarding investor relations.
- 4 • John Reed, of Concentric Energy Advisors, who testifies on the
5 Return on Equity and Rate of Return, including capital structure, and
6 the cost of debt.
- 7 • Gregory Robinson, who testifies on the Company's budgeting
8 process;
- 9 • Jannell Marks, who provides testimony supporting the Company's
10 sales forecast for the 2020 test year and also testifies regarding sales in
11 the 2021-2022 plan years. These sales figures are then used in Mr.
12 Halama's determination of the revenue deficiency.
- 13 • Michael Gersack, who sponsors testimony regarding the Customer
14 Experience and the policy and other considerations behind our
15 Advanced Grid Intelligence and Security (AGIS) initiative.
- 16 • David Harkness, who testifies on the Company's overall business
17 systems and information technology needs essential to the operations
18 of our business, including all computer hardware, computer software,
19 voice and data networks, and the software that facilitates the
20 communication necessary between multiple systems, again also
21 addressing certain AGIS-related capital and O & M expenses.
- 22 • Kelly Bloch, who sponsors testimony regarding our investments in
23 our distribution system, as well as associated O&M expenses,
24 including investments and expenses related to AGIS.
- 25 • Ravikrishna Duggirala, who testifies regarding the Company's overall
26 assessment of the costs and quantifiable benefits of the future
27 components of its AGIS initiative.

- 1 • Christopher Cardenas, who provides testimony on the Company's
2 customer satisfaction, actions by the Customer Care organization to
3 contain costs while maintaining and improving customer service, the
4 impacts and benefits of AGIS from the Customer Care perspective,
5 and the Company's commodity and non-commodity bad debt
6 expense.
- 7 • Timothy O'Connor, who sponsors testimony regarding our nuclear
8 program and the reasonableness of our nuclear-related capital
9 investments and O&M costs.
- 10 • Ian Benson, who sponsors testimony regarding the budgeted
11 investments in our transmission system, as well as associated O&M
12 expenses.
- 13 • Randy Capra, who sponsors testimony discussing our capital budget
14 and the O&M expenses for the Energy Supply business unit. Mr.
15 Capra also provides information with respect to the performance of
16 our generation fleet and steps we are taking to improve performance
17 and operate more efficiently.
- 18 • Melissa Schmidt, who presents our Cost Assignment and Allocation
19 Manual, and discusses cost allocations between business units and
20 jurisdictions, as well as from Xcel Energy Services Inc.
- 21 • Christopher Arend, who sponsors testimony regarding our property
22 tax expenses and proposed property tax tracker.
- 23 • Robert Miller, who sponsors testimony regarding the Company's
24 insurance program.
- 25 • Richard Schrubbe, who provides testimony about of our pension cost
26 recovery request and associated pension accounting matters.

- Evan Inglis, an independent consultant, who provides a third-party opinion regarding the reasonableness of the Company's investment strategies and target asset allocations for the qualified pension funds over the past several years.
- Ruth Lowenthal, who sponsors testimony in support of our employee compensation and benefits policies, including incentive compensation. Ms. Lowenthal also provides testimony regarding our health and welfare benefits and our retirement program.
- Gary O'Hara, who sponsors testimony regarding employee expenses.
- Laurie Wold, who provides testimony regarding depreciation and remaining lives for all plant and plant-related items. Ms. Wold also presents testimony regarding how the Company's MYRP request accounts for the passage of time.
- Michael Peppin, who sponsors our class cost of service study and discusses the minimum distribution study issues required to be addressed in this case.
- Lon Huber, who provides testimony on the Company's proposed Commercial and Industrial (C&I) customer TOU tariff and on decoupling and how it fits within our MYRP proposal.
- Steven Huso, who sponsors the general rate design and tariff changes we present in this case.

VI. CONCLUSION

Q. CAN YOU PLEASE SUMMARIZE THE KEY POINTS OF YOUR TESTIMONY?

A. The Company, Commission and stakeholders have achieved a number of successes over the past four years, as the Company operated under a multi-

1 year rate plan. The Company has led the industry in the clean energy
2 transition and driven costs out of the business, while maintaining safe and
3 reliable service. The Commission has received a wealth of information on
4 the Company's performance and investments over this period, to ensure just
5 and reasonable rates. And the Commission, Company and stakeholders have
6 worked together on many key policy matters, including navigating the
7 transition to a carbon-free energy future, performance based ratemaking,
8 advanced grid initiatives and many others.

9
10 The multi-year rate plan we propose in this case can deliver similar benefits.
11 We look forward to discussing these benefits with our stakeholders, and to
12 continue working collectively on the important public policy issues ahead.

13
14 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

15 A. Yes, it does.

Statement of Qualifications

Greg P. Chamberlain

**Vice President for Regulatory and Government Affairs
Northern States Power Company - Minnesota**

Greg Chamberlain is Xcel Energy's Regional Vice President for Regulatory and Government Affairs. He is responsible for state government relations and regulatory filings with the utility commissions in Minnesota, North Dakota and South Dakota.

He previously served as Regional Vice President for Government and Community Relations for the Company, overseeing state and local government relations for Minnesota, North Dakota, and South Dakota.

Prior to that, Chamberlain served as General Manager of Power Generation, where he was responsible for the operations of the Company's fleet of 13 power plants across Minnesota, Wisconsin, and South Dakota.

As Director of Transmission Portfolio Delivery for the Company, Chamberlain was responsible for the engineering, project management, project controls and permitting of a \$4 billion electric transmission capital portfolio across 10 states. In addition, he acted as Xcel Energy's management committee representative on each of four CapX2020 projects. CapX2020 is a joint initiative of 11 transmission-owning utilities in Minnesota and the surrounding region, investing \$2 billion to expand the electric transmission grid to ensure continued reliable and affordable service.

Chamberlain joined Xcel Energy in 2000 as a market segment manager with responsibility for marketing power and ancillary services in newly deregulated markets, and then joined the Transmission organization in 2006.

Before joining Xcel Energy, Chamberlain spent five years at Suez leading energy, water and chemical outsourcing initiatives in a variety of heavy industries. Prior to that role, he spent nine years at Hercules, Inc., now part of Ashland Chemical.

Chamberlain earned a Master of Business Administration degree from the University of Minnesota - Carlson School of Management and a Bachelor of Science degree in chemical engineering from Purdue University. He serves on the boards of directors of Catholic Charities of St. Paul and Minneapolis and the Boy Scouts of America Northern Star Council.

| Authority or Reference | Title/Required Information | Section of Initial Filing |
|-----------------------------|--|--|
| MINNESOTA RULES | | |
| Minn. Rule 7825.32 | NOTICE OF CHANGE IN RATES | |
| | A utility filing for a general rate change shall serve notice to the commission at least 90 days prior to the proposed effective date of the modified rates. Such notice shall include: | Vols. 1 and 2A – 2F (see below for specific requirements and locations) |
| | (1) proposal for change in rates as prescribed in part 7825.3500; | |
| | (2) modified rates as prescribed in part 7825.3600; | |
| | (3) expert opinions and supporting exhibits as prescribed in part 7825.3700; | |
| | (4) informational requirements as prescribed in parts 7825.3800 to 7825.4400; and | |
| | (5) statement indicating the method of insuring the payment of refunds as prescribed in part 7825.3300. | |
| Minn. Rule 7825.3500 | PROPOSAL FOR CHANGE IN RATES | |
| | The utility's proposal for a change in rates shall summarize the notice of change in rates and shall include the following information: | |
| A. | name, address, and telephone number of the utility without abbreviation and the name and address and telephone number of the attorney for the utility, if there be one; | Vol. 1, Notice of Change in Rates Tab |
| B. | date of filing and date modified rates are effective; | Vol. 1, Notice of Change in Rates Tab |
| C. | description and purpose of the change in rates requested; | Vol. 1, Notice of Change in Rates Tab |
| D. | effect of the change in rates expressed in gross revenue dollars and as a percentage of test year gross revenue; and | Vol. 1, Notice of Change in Rates Tab |
| E. | signature and title of utility officer authorizing the proposal. | Vol. 1, Notice of Change in Rates Tab |
| Minn. Rule 7825.33 | METHODS AND PROCEDURES FOR REFUNDING | |
| | An unqualified agreement, signed by an authorized official of the utility, to refund any portion of the increase in rates determined to be unreasonable together with interest thereon. | Vol. 1, Agreement and Undertaking Tab |
| | Any increase in rates or part thereof determined by the commission to be unreasonable shall be refunded to customers or credit to customers' accounts within 90 days from the effective date of the commission order and determined in a manner prescribed by the commission including interest at the average prime interest rate computed from the effective date of the proposed rates through the date of refund or credit. | Vol. 1, Agreement and Undertaking Tab |
| Minn. Rule 7825.36 | MODIFIED RATES | |
| | All proposed changes in rates shall be shown by filing revised or new pages to the rate book previously filed with the commission and by identifying those pages which were not changed. Each revised or new page of the rate book shall contain the information required for each page of the rate book and shall be in a format consistent with the currently filed rate book. In addition, each revised page shall contain the revision number and the page number of the revised page. | Vol. 2F contains the Clean and Redline versions of the tariffs to be changed, including the revision number and page number. Pages not changed are identified with an asterisk on the index page for the 2020 test year. |
| Minn. Rule 7825.37 | EXPERT OPINIONS AND SUPPORTING EXHIBITS | |
| | Expert opinions and supporting exhibits shall include written statements, in question and answer format, together with supporting exhibits of utility personnel and other expert witnesses as deemed appropriate by the utility in support of the proposal. | Vols. 2A, 2B, 2C, 2D, and 2E |
| Minn. Rule 7825.3900 | JURISDICTIONAL FINANCIAL SUMMARY SCHEDULE | |
| | A jurisdictional financial summary schedule as required by part 7825.3800 shall be filed showing: | |
| A. | the proposed rate base, operating income, overall rate of return, and the calculation of income requirements, income deficiency, and revenue requirements for the test year; | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, Schedule 3 (Revenue Requirements); Vol. 3, Section II, Tabs 2 to 5. |
| B. | the actual unadjusted average rate base consisting of the same components as the proposed rate base, unadjusted operating income, overall rate of return, and the calculation of income requirements, income deficiency, and revenue requirements for the most recent fiscal year; and | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, Schedules 7, 8 (Revenue Requirements); Vol. 3, Section II, Tabs 2 to 5. |
| C. | the projected unadjusted average rate base consisting of the same components as the proposed rate base, unadjusted operating income under present rates, overall rate of return, and the calculation of income requirements, income deficiency, and revenue requirements for the projected fiscal year. | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, Schedules 7, 8 (Revenue Requirements); Vol. 3, Section II, Tabs 2 to 5. |

| <u>Authority or Reference</u> | <u>Title/Required Information</u> | <u>Section of Initial Filing</u> |
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| Minn. Rule 7825.4000 | RATE BASE SCHEDULES | |
| | The following rate base schedules as required by part 7825.3800 shall be filed: | |
| A. | A rate base summary schedule by major rate base component (e.g. plant in service, construction work in progress, and plant held for future use) showing the proposed rate base, the unadjusted average rate base for the most recent fiscal year and unadjusted average rate base for the projected fiscal year. The totals for this schedule shall agree with the rate base amounts included in the financial summary. | Vol. 3, Section II, Tab 3, Parts A to E. |
| B. | A comparison of total utility and Minnesota jurisdictional rate base amounts by detailed rate base component showing: | |
| | total utility and the proposed jurisdictional rate base amounts for the test year including the adjustments, if any, used in determining the proposed rate base; | Vol. 3, Section II, Tab 3, Part B. |
| | the unadjusted average total utility and jurisdictional rate base amounts for the most recent fiscal year and the projected fiscal year. | Vol. 3, Section II, Tab 3, Part B. |
| C. | Adjustment schedules, if any, showing the title, purpose, and description and the summary calculations of each adjustment used in determining the proposed jurisdictional rate base. | Vol. 3, Section II, Tab 3, Part C. |
| D. | A summary by rate base component of the assumptions made and the approaches used in determining average unadjusted rate base for the projected fiscal year. Such assumptions and approaches shall be identified and quantified into two categories: known changes from the most recent fiscal year and projected changes. | Vol. 3, Section II, Tab 3, Part D. |
| E. | For multijurisdictional utilities only, a summary by rate base component of the jurisdictional allocation factors used in allocating the total utility rate base amounts to the Minnesota jurisdiction. This summary shall be supported by a schedule showing for each allocation factor the total utility and jurisdictional statistics used in determining the proposed rate base and the Minnesota jurisdictional rate base for the most recent fiscal year and the projected fiscal year. | Vol. 3, Section II, Tab 3, Part E. Note: the Company is a multi-jurisdictional utility. |
| Minn. Rule 7825.4100 | OPERATING INCOME SCHEDULES | |
| | The following operating income schedules as required by part 7825.3800 shall be filed: | |
| A. | A summary schedule of jurisdictional operating income statements which reflect proposed test year operating income, and unadjusted jurisdictional operating income for the most recent fiscal year and the projected fiscal year calculated using present rates. | Vol. 3, Section II, Tab 4, Part A. |
| B. | For multijurisdictional utilities only, a schedule showing the comparison of total utility and unadjusted jurisdictional operating income statement for the test year, for the most recent fiscal year and the projected fiscal year. In addition, the schedule shall provide the proposed adjustments, if any, to jurisdictional operating income for the test year together with the proposed operating income statement. | Vol. 3, Section II, Tab 4, Part B. |
| C. | For investor-owned utilities only, a summary schedule showing the computation of total utility and allocated Minnesota jurisdictional federal and state income tax expense and deferred income taxes for the test year, the most recent fiscal year, and the projected fiscal year. This summary schedule shall be supported by a detailed schedule, showing the development of the combined federal and state income tax rates. | Vol. 3, Section II, Tab 4, Part C. |
| D. | A summary schedule of adjustments, if any, to jurisdictional test year operating income and detailed schedules for each adjustment providing an adjustment title, purpose and description of the adjustment, and summary calculations. | Vol. 3, Section II, Tab 4, Part D. |
| E. | A schedule summarizing the assumptions made and the approaches used in projecting each major element of operating income. Such assumptions and approaches shall be identified and quantified into two categories: known changes from the most recent fiscal year and projected changes. | Vol. 3, Section II, Tab 4, Part E. |
| F. | For multijurisdictional utilities only, a schedule providing, by operating income element, the factor or factors used in allocating total utility operating income to Minnesota jurisdiction. This schedule shall be supported by a schedule which sets forth the statistics used in determining each jurisdictional allocation factor for the test year, the most recent fiscal year, and the projected fiscal year. | Vol. 3, Section II, Tab 4, Part F. |

| <u>Authority or Reference</u> | <u>Title/Required Information</u> | <u>Section of Initial Filing</u> |
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| Minn. Rule 7825.4200 | RATE OF RETURN COST OF CAPITAL SCHEDULES | |
| | The following rate of return cost of capital schedules as required by part 7825.3800 shall be filed: | |
| A. | A rate of return cost of capital summary schedule showing the calculation of the weighted cost of capital using the proposed capital structure and the average capital structures for the most recent fiscal year and the projected fiscal year. This information shall be provided for the unconsolidated parent and subsidiary corporations, or for the consolidated parent corporation. | Vol. 3, Section II, Tab 5, Part A. |
| B. | Supporting schedules showing the calculation of the embedded cost of long-term debt, if any, and the embedded cost of preferred stock, if any, at the end of the most recent fiscal year and the projected fiscal year. | Vol. 3, Section II, Tab 5, Parts B & E LTD and PE. |
| C. | Schedule showing average short-term securities for the proposed test year, most recent fiscal year, and the projected fiscal year. | Vol. 3, Section II, Tab 5, Part C STD. |
| | Average Common Equity Balances (Additional Information) | Vol. 3, Section II, Tab 5, Part D CE. |
| Minn. Rule 7825.4300 | RATE STRUCTURE AND DESIGN INFORMATION | |
| | The following rate structure and design information as required by part 7825.3800 shall be filed: | |
| A. | A summary comparison of test year operating revenue under present and proposed rates by customer class of service showing the difference in revenue and the percentage change. | Vol. 3, Section II, Tab 6, Part A. |
| B. | A detailed comparison of test year operating revenue under present and proposed rates by type of charge including minimum, demand, energy by block, gross receipts, automatic adjustments, and other charge categories within each rate schedule and within each customer class of service. | Vol. 3, Section II, Tab 6, Part B. |
| C. | A cost-of-service study by customer class of service, by geographic area, or other categorization as deemed appropriate for the change in rates requested, showing revenues, costs, and profitability for each class of service, geographic area, or other appropriate category, identifying the procedures and underlying rationale for cost and revenue allocations. Such study is appropriate whenever the utility proposes a change in rates which results in a material change in its rate structure. | Vol. 3, Section II, Tab 6. Part C Michael A. Peppin, Exhibit____(MAP-1), Vol. 2E, Schedules 2-9. |
| Minn. Rule 7825.44 | OTHER SUPPLEMENTAL INFORMATION | |
| | The following supplemental information as required by part 7825.3800 shall be filed: | |
| A. | Annual report to stockholders or members including financial statements and statistical supplements for the most recent fiscal year. If a utility is not audited by an independent public accountant, unaudited financial statements will satisfy this filing requirement. | Vol. 3, Section II, Tab 7, Part A. |
| B. | For investor-owned utilities only, a schedule showing the development of the gross revenue conversion factor. | Vol. 3, Section II, Tab 7, Part B. |
| C. | For cooperatives only, REA Form 7, Financial and Statistical Report for the last month of the most recent fiscal year. | Not Applicable |
| D. | For cooperatives only, REA Form 7A, Annual Supplement to Financial and Statistical Report. | Not Applicable |
| E. | For REA cooperatives only, REA Form 325, Financial Forecast. | Not Applicable |
| Minn. Rule 7829.2400 | FILING REQUIRING DETERMINATION OF GROSS REVENUE | |
| Subpart 1. | Summary. A utility filing a general rate case or other filing that requires determination of its gross revenue requirement shall include, on a separate page, a brief summary of the filing, sufficient to apprise potentially interested parties of its nature and general content | Vol. 1, Notice of Change in Rates Tab. |
| Subp. 2. | Service. A utility filing a general rate change request shall serve copies of the filing on the department and Residential Utilities Division of the Office of the Attorney General. The utility shall serve the filing or the summary described in subpart 1 on the persons on the applicable general service list and persons who were parties to its last general rate case or incentive plan proceeding. | Vol. 1, Notice of Change in Rates Tab. |
| Subp. 3. | Notice to public and governing bodies. A utility seeking a general rate change shall give notice of the proposed change to the governing body of each municipality and county in its service area and to its ratepayers. The utility shall also publish notice of the proposed change in newspapers of general circulation in all county seats in its service area. | Vol. 1, Notice of Change in Rates Tab. |

| Authority or Reference | Title/Required Information | Section of Initial Filing |
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| MINNESOTA STATUTES | | |
| Minn. Stat. § 216B.16, subd. 17 | TRAVEL, ENTERTAINMENT, AND RELATED EMPLOYEE EXPENSES | |
| | (a) The commission may not allow as operating expenses a public utility's travel, entertainment, and related employee expenses that the commission deems unreasonable and unnecessary for the provision of utility service. In order to assist the commission in evaluating the travel, entertainment, and related employee expenses that may be allowed for ratemaking purposes, a public utility filing a general rate case petition shall include a schedule separately itemizing all travel, entertainment, and related employee expenses as specified by the commission, including but not limited to the following categories: | Vol. 3, Section IV, Part 2 Travel, Entertainment & Related Employee Expenses and compact disk provided with Vol. 3. |
| | (1) travel and lodging expenses; | Vol. 3, Section IV, Part 2 EER Summary Report 1. |
| | (2) food and beverage expenses; | |
| | (3) recreational and entertainment expenses; | |
| | (4) board of director-related expenses, including and separately itemizing all compensation and expense reimbursements; | |
| | (5) expenses for the ten highest paid officers and employees, including and separately itemizing all compensation and expense reimbursements; | |
| | (6) dues and expenses for memberships in organizations or clubs; | |
| | (7) gift expenses; | |
| | (8) expenses related to owned, leased, or chartered aircraft; and | |
| | (9) lobbying expenses. | |
| | (b) To comply with the requirements of paragraph (a), each applicable expense incurred in the most recently completed fiscal year must be itemized separately, and each itemization must include the date of the expense, the amount of the expense, the vendor name, and the business purpose of the expense. The separate itemization required by this paragraph may be provided using standard accounting reports already utilized by the utility involved in the rate case, in a written format or an electronic format that is acceptable to the commission. For expenses identified in response to paragraph (a), clauses (1) and (2), the utility shall disclose the total amounts for each expense category and provide separate itemization for those expenses incurred by or on behalf of any employee at the level of vice president or higher and for board members. The petitioning utility shall also provide a one-page summary of the total amounts for each expense category included in the petitioning utility's test year. | Vol. 3, Section IV, Part 2 EER Summary Report 1 and compact disk provided with Vol. 3. |
| Minn. Stat. §216B.19 | MULTIYEAR RATE PLAN | |
| | A utility proposing a multiyear rate plan shall provide a general description of the utility's major planned investments over the plan period. The commission may also require the utility to provide a set of reasonable performance measures and incentives that are quantifiable, verifiable, and consistent with state energy policies. | Greg P. Chamberlain, Exhibit____(GPC-1), Vol. 2A, pgs 34-37 (Policy/MYRP Policy). David C. Harkness, Exhibit____(DCH-1), Vol. 2B, pgs 25-92 (Business Systems). Kelly A. Bloch, Exhibit____(KAB-1), Vol. 2B, pgs 9-92 (Distribution). Randy A. Capra, Exhibit____(RAC-1), Vol. 2C, pgs 27-68 (Energy Supply). Timothy J. O'Connor, Exhibit____(TJO-1), Vol. 2C, pgs 21-93 (Nuclear Operations). Ian R. Benson, Exhibit____(IRB-1), Vol. 2C, pgs 17-72 (Transmission). Gary J. O'Hara, Exhibit____(GJO-1), Vol. 2D, pgs 37-45 (Employee Expenses). Laurie J. Wold, Exhibit____(LJW-1), Vol. 2E, pgs 19-23 (Depreciation). |

| Authority or Reference | Title/Required Information | Section of Initial Filing |
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| POLICY STATEMENTS | | |
| Advertising | Statement that recovery is requested only for permitted advertisements. | Vol. 3, Section III, Tab 1. |
| | Description of advertisements for which recovery is requested. | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pgs 52-53, 73-74, Schedule 13 (Revenue Requirements); Vol. 4, Section VIII, Tab WP A-1 Advertising. |
| | Sample advertisements for which recovery is requested. | Vol. 3, Section III, Tab 1. |
| Charitable Contributions | Evidence as to whether the recipients of the contributions: serve the utility's Minnesota service area; are nondiscriminatory in selecting recipients; and do not promote political or special interest groups. | Vol. 3, Section III, Tab 2. |
| | Evidence as to what organizations are gifted, their activities, and that no part of the contribution goes to benefit any private stockholder or individual. | Vol 3, Section III, Tab 2 and Vol. 4, Section VIII, Tab A6. |
| | Itemized schedule showing amount, recipient and time of donations. | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pgs 73-74 (Revenue Requirements); Vol 3, Section III, Tab 2 and Vol. 4, Section VIII, Tab WP A6 Foundation and Other Donations. |
| | Only 50% of qualified contributions shall be allowed as operating expenses. | Vol 3, Section III, Tab 2 and Vol. 4, Section VIII, Tab A6. |
| Organization Dues | Schedule showing each organization being paid, the number of employees belonging to each organization and the dollar amount of dues being paid to each organization. | Vol. 3, Section III, Tab 3. |
| | Testimony explaining the primary purpose of each organization. | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A pgs 73-74 (Revenue Requirements); Vol. 4, Section VIII, Tab WP A2 Dues: Professional Associations. |
| Research Expenses | Description of each research activity for which an expense is claimed, with all expenses for each activity itemized and supported. | Vol. 3, Section III, Tab 4. |
| Cash Working Capital | Lead/lag study with: 1) lead time divided into service to meter reading; meter reading to billing; and billing to collection; and 2) lag expenses divided in categories such as fuel, purchased power, labor. | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pgs 39-41, Schedule 4 (Revenue Requirements); Vol. 4, Section VIII, Tab WP A-44. |
| | Other issues may include average or minimum cash balances required, depreciation, dividends and interest on debt | |
| Interim Rates: | | |
| Item 1, page 2 | Name, address and telephone number of utility and attorneys. | Vol. 1, Interim Rate Petition Tab. |
| Item 2, page 2 | Date of filing and date proposed interim rates are requested to become effective. | Vol. 1, Interim Rate Petition Tab. |
| Item 3, page 2 | Description and need for interim rates. | Vol. 1, Interim Rate Petition Tab. |
| Item 4, page 2 | Description and corresponding dollar amount change included in interim rates as compared with most current approved general rate case and with the most recent year for which audited data is available. | Vol. 1, Interim Rate Supporting Schedules and Workpapers Tab. |
| Item 5, page 2 | Effect of the interim rates expressed in gross revenue dollars and as a percentage of test year gross revenues | Vol. 1, Interim Rate Supporting Schedules and Workpapers Tab. |
| Item 6, page 2 | Certification by officer of the utility. | Vol. 1, Interim Rate Petition Tab. |
| Item 7, page 2 | Signature and title of the utility officer authorizing the proposed interim rates. | Vol. 1, Interim Rate Petition Tab. |
| | Methods and procedures for refunding. | Vol. 1, Agreement and Undertaking Tab. |
| Items 1-4, page 3 | Supporting schedules and workpapers. | Vol. 1, Interim Rate Supporting Schedules and Workpapers Tab. |
| | Modified tariffs. | Vol. 1, Interim Tariff Sheets - Redlined Tab; Vol. 1, Interim Tariff Sheets - Clean Tab. |
| | Notices. | Vol. 1, Interim Rate Petition Tab. |
| COMMISSION ORDERS IN GENERIC DOCKETS (E,G-999) | | |
| CI-90-1008 | Commission Investigation into Appliance Sales and Service by Utilities | |
| Order 3/1/1995 | Demonstrate in future rate case filings that: [NSP] follows the cost allocation principles recommended by the Commission; or its non-regulated activities are insignificant; or its cost allocation principles produce similar results as would allocations following the recommended cost allocation principles; or the public interest is better served by another method. | Melissa L. Schmidt, Exhibit____(MLS1), Vol. 2D; pgs 3-9, 25-27 (Cost Allocations) |

| <u>Authority or Reference</u> | <u>Title/Required Information</u> | <u>Section of Initial Filing</u> |
|-------------------------------|---|---|
| M-12-587 | Commission Investigation Regarding Criteria and Standards for Multiyear Rate Plans under Minn. Stat. § 216B.16, subd. 19 | |
| Order, 6/19/13 | 1. A utility may propose a multiyear rate plan to improve the regulatory process for the recovery of – | |
| Order, 6/19/13 | A. Costs related to specific, clearly identified capital projects and | Greg P. Chamberlain, Exhibit___(GPC-1), Vol. 2A, pgs 34-37 (Policy/MYRP Policy). David C. Harkness, Exhibit___(DCH-1), Vol. 2B, pgs 25-92 (Business Systems). Kelly A. Bloch, Exhibit___(KAB-1), Vol. 2B, pgs 9-92 (Distribution). Randy A. Capra, Exhibit___(RAC-1), Vol. 2C, pgs 27-68 (Energy Supply). Timothy J. O'Connor, Exhibit___(TJO-1), Vol. 2C, pgs 21-93 (Nuclear Operations). Ian R. Benson, Exhibit___(IRB-1), Vol. 2C, pgs 17-72 (Transmission). Gary J. O'Hara, Exhibit___(GJO-1), Vol. 2D, pgs 37-45 (Employee Expenses). Laurie J. Wold, Exhibit___(LJW-1), Vol. 2E, pgs 19-23 (Depreciation). |
| | B. Appropriate non-capital costs. | Greg P. Chamberlain, Exhibit___(GPC-1), Vol. 2A, pgs 36-37 (Policy/MYRP Policy). Michael C. Gersack, Exhibit___(MCG-1), Vol. 2B, Schedule 2 (AGIS Customer Experience and Policy). David C. Harkness, Exhibit___(DCH-1), Vol. 2B, pgs 92-107 (Business Systems). Christopher C. Cardenas, Exhibit___(CCC-1), Vol. 2B, pgs 9-27 (Customer Care and Bad Debt Expense). Kelly A. Bloch, Exhibit___(KAB-1), Vol. 2B, pgs 92-116 (Distribution). Randy A. Capra, Exhibit___(RAC-1), Vol. 2C, pgs 68-112 (Energy Supply). Timothy J. O'Connor, Exhibit___(TJO-1), Vol. 2C, pgs 21-93 (Nuclear Operations). Ian R. Benson, Exhibit___(IRB-1), Vol. 2C, pgs 72-106 (Transmission). |
| | 2. A utility may propose to implement a multiyear rate plan only as part of a general rate change subject to Minn. Stat. § 216B.16. | The Company's Application, including its multi-year rate plan proposal, is a general rate change application subject to Minn. Stat. § 216B.16. |
| | 3. A multiyear rate plan shall not last longer than three years. A multiyear rate plan starts with the effective date of newly authorized rates in a general rate case proceeding, coinciding with the proposed test year in the rate case, unless it is demonstrated to be reasonable to do otherwise. | The Company's multi-year rate plan is for three years. Minn. Stat. §216B.16, subd. 19 as amended in 2015 expressly allows for plans of up to five years. Greg P. Chamberlain, Exhibit___(GPC-1), Vol. 2A, pg 26 (Policy/MYRP Policy). |

| <u>Authority or Reference</u> | <u>Title/Required Information</u> | <u>Section of Initial Filing</u> |
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| Order, 6/19/13 | 4. The rate of return on equity authorized and used to set rates in the general rate case in which the multiyear rate plan is approved shall be the return on equity used to set the rate adjustments in the plan itself. | Minn. Stat. §216B.16, subd. 19 as amended in 2015 expressly provides that the Commission may allow adjustments to the cost of capital in a reasonable manner within the plan period. The Company has not proposed to adjust the return on equity during the term of the MYRP. Greg P. Chamberlain, Exhibit____(GPC-1), Pgs 39-40 (Policy/MYRP Policy). |
| | 5. It is presumed that interim rates will be calculated based upon the rate case test year unless it is demonstrated to be reasonable to do otherwise. | Minn. Stat. §216B.16, subd. 19 as amended in 2015 expressly allows for interim rates for the utility to request interim rates for the first and second years of the plan, to be implemented in the same manner as provided in Minn. Stat. §216B.16, subd. 3. Greg P. Chamberlain, Exhibit____(GPC-1), Vol. 2A, Pgs 53-55 (Policy/MYRP Policy). |
| | | Vol. 1, Interim Rate Petition Tab. |
| | | |
| Order, 6/19/13 | 8. A utility seeking authorization for a multiyear rate plan shall not propose formula rates that are contingent upon future developments. Rather, the utility shall identify a specific price for each regulated utility service it plans to charge for each year that the plan remains in effect. | Consistent with the MYRP statute, the Company's proposed MYRP proposes rates based on a full cost of service approach for each year of the MYRP. Chamberlain, Exhibit____(GPC-1), Vol. 2A, Pg 30-33 (Policy/MYRP Policy). Steven V. Huso ____ Exhibit (SVH-1), Vol 2E Pgs 7-32 (Rate Design). |
| | | See Vol. 3 Section II Part 6. |
| | | Vol. 2F, Proposed Tariff Sheets. |
| Order, 6/19/13 | 9. Regarding the rates to apply after the multiyear rate plan expires, the utility shall explain the rates that it proposes to be in effect thereafter. If the specific dollar amount of those rates cannot be provided, the utility should clearly explain the changes in costs and revenues that it proposes to include in those rates and how the utility proposes to calculate those rates. Alternatively, the utility may propose a new rate case under Minn. Stat. § 216B.16. | Greg P. Chamberlain Exhibit____(GPC-1) Vol 2A, Pg 52 (Policy/MYRP Policy). |
| | 10. Where a utility is recovering continuing, predictable costs through riders, a utility seeking approval of its multiyear rate plan shall propose to recover those costs via base rates at the beginning of the rate case. | Greg P. Chamberlain, Exhibit____(GPC-1), Vol. 2A, pgs 42-46 (Policy/MYRP Policy). Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pgs 105-116 (Revenue Requirements). |
| | 11. Regarding other riders and cost recovery mechanism, the utility shall design its multiyear rate plan to consolidate as many of them as practical, in the most reasonable manner available. | Greg P. Chamberlain, Exhibit____(GPC-1), Vol. 2A, pgs 42-47 (Policy/MYRP Policy). Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pgs 105-116 (Revenue Requirements). |
| | 12. Commission will address new petitions for riders and deferred accounting on a case by case basis as they arise and will consider the status and objectives of the petition. | Greg P. Chamberlain , Exhibit____(GPC-1), Vol. 2A, pgs 46-47 (Policy/MYRP Policy). |
| | 13. A utility shall clearly show that its multiyear rate plan will not cause the utility to recover costs already being recovered through existing rate riders. No utility shall recover costs through a rider that it is also recovering through a multiyear rate plan for the same period. | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pgs 105-119 (Revenue Requirements). |

| Authority or Reference | Title/Required Information | Section of Initial Filing |
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| Application Requirements | 14. An application for a multiyear rate plan must include or be accompanied by an explanation of the following: | |
| | A. How the proposed plan conforms to and is consistent with Minn. Stat. § 216B.16, subd. 19. | Greg P. Chamberlain, Exhibit____(GPC-1), Vol. 2A, Pgs 26-53 (Policy/MYRP Policy). |
| Application Requirements | B. How the proposed plan would improve the regulatory process for the recovery of costs related to specific, clearly identified capital projects and, to the extent appropriate, related non-capital costs. | Greg P. Chamberlain, Exhibit____(GPC-1), Vol. 2A, pgs 34-37 (Policy/MYRP Policy). David C. Harkness, Exhibit____(DCH-1), Vol. 2B, pgs 25-92 (Business Systems). Kelly A. Bloch, Exhibit____(KAB-1), Vol. 2B, pgs 9-92 (Distribution). Randy A. Capra, Exhibit____(RAC-1), Vol. 2C, pgs 27-68 (Energy Supply). Timothy J. O'Connor, Exhibit____(TJO-1), Vol. 2C, pgs 21-93 (Nuclear Operations). Ian R. Benson, Exhibit____(IRB-1), Vol. 2C, pgs 17-72 (Transmission). Gary J. O'Hara, Exhibit____(GJO-1), Vol. 2D, pgs 37-45 (Employee Expenses). Laurie J. Wold, Exhibit____(LJW-1), Vol. 2E, pgs 19-23 (Depreciation). |
| Application Requirements | 15. An application for a multiyear rate plan must include or be accompanied by a description of the form of the multiyear rate plan the utility is proposing and the purpose behind the choice, including– | Greg P. Chamberlain, Exhibit____(GPC-1), Vol. 2A (Policy/MYRP Policy). |
| | A. The specific capital projects for which the utility seeks to recover capital costs – and, where appropriate, non-capital costs – via the plan, | The MYRP Statute provides for the use of capital and O&M forecasts. Mr. Chamberlain and the business area witnesses address these matters in their testimonies. Greg P. Chamberlain, Exhibit____(GPC-1), Vol. 2A, pgs 34-37 (Policy/MYRP Policy). David C. Harkness, Exhibit____(DCH-1), Vol. 2B, pgs 25-92 (Business Systems). Kelly A. Bloch, Exhibit____(KAB-1), Vol. 2B, pgs 9-92 (Distribution). Randy A. Capra, Exhibit____(RAC-1), Vol. 2C, pgs 27-68 (Energy Supply). Timothy J. O'Connor, Exhibit____(TJO-1), Vol. 2C, pgs 21-93 (Nuclear Operations). Ian R. Benson, Exhibit____(IRB-1), Vol. 2C, pgs 17-72 (Transmission). Gary J. O'Hara, Exhibit____(GJO-1), Vol. 2D, pgs 37-45 (Employee Expenses). Laurie J. Wold, Exhibit____(LJW-1), Vol. 2E, pgs 19-23 (Depreciation). |
| | B. The reason for the projects, | The MYRP Statute provides for the use of capital and O&M forecasts. Mr. Chamberlain and the business area witnesses address these matters in their testimonies. Greg P. Chamberlain, Exhibit____(GPC-1), Vol. 2A, pgs 34-37 (Policy/MYRP Policy). David C. Harkness, Exhibit____(DCH-1), Vol. 2B, pgs 25-92 (Business Systems). Kelly A. Bloch, Exhibit____(KAB-1), Vol. 2B, pgs 9-92 (Distribution). Randy A. Capra, Exhibit____(RAC-1), Vol. 2C, pgs 27-68 (Energy Supply). Timothy J. O'Connor, Exhibit____(TJO-1), Vol. 2C, pgs 21-93 (Nuclear Operations). Ian R. Benson, Exhibit____(IRB-1), Vol. 2C, pgs 17-72 (Transmission). Gary J. O'Hara, Exhibit____(GJO-1), Vol. 2D, pgs 37-45 (Employee Expenses). Laurie J. Wold, Exhibit____(LJW-1), Vol. 2E, pgs 19-23 (Depreciation). |

| Authority or Reference | Title/Required Information | Section of Initial Filing |
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| Application Requirements | C. The scope of the projects, | <p>Greg P. Chamberlain, Exhibit___(GPC-1), Vol. 2A, pgs 34-37 (Policy/MYRP Policy).</p> <p>David C. Harkness, Exhibit___(DCH-1), Vol. 2B, pgs 25-92 (Business Systems).</p> <p>Kelly A. Bloch, Exhibit___(KAB-1), Vol. 2B, pgs 9-92 (Distribution).</p> <p>Randy A. Capra, Exhibit___(RAC-1), Vol. 2C, pgs 27-68 (Energy Supply).</p> <p>Timothy J. O'Connor, Exhibit___(TJO-1), Vol. 2C, pgs 21-93 (Nuclear Operations).</p> <p>Ian R. Benson, Exhibit___(IRB-1), Vol. 2C, pgs 17-72 (Transmission).</p> <p>Gary J. O'Hara, Exhibit___(GJO-1), Vol. 2D, pgs 37-45 (Employee Expenses).</p> <p>Laurie J. Wold, Exhibit___(LJW-1), Vol. 2E, pgs 19-23 (Depreciation).</p> |
| | D. The timing of the projects, | <p>Greg P. Chamberlain, Exhibit___(GPC-1), Vol. 2A, pgs 34-37 (Policy/MYRP Policy).</p> <p>David C. Harkness, Exhibit___(DCH-1), Vol. 2B, pgs 25-92 (Business Systems).</p> <p>Kelly A. Bloch, Exhibit___(KAB-1), Vol. 2B, pgs 9-92 (Distribution).</p> <p>Randy A. Capra, Exhibit___(RAC-1), Vol. 2C, pgs 27-68 (Energy Supply).</p> <p>Timothy J. O'Connor, Exhibit___(TJO-1), Vol. 2C, pgs 21-93 (Nuclear Operations).</p> <p>Ian R. Benson, Exhibit___(IRB-1), Vol. 2C, pgs 17-72 (Transmission).</p> <p>Gary J. O'Hara, Exhibit___(GJO-1), Vol. 2D, pgs 37-45 (Employee Expenses).</p> <p>Laurie J. Wold, Exhibit___(LJW-1), Vol. 2E, pgs 19-23 (Depreciation).</p> |
| | E. The non-capital costs to be recovered via the plan and | <p>Greg P. Chamberlain, Exhibit___(GPC-1), Vol. 2A, pgs 36-37 (Policy/MYRP Policy).</p> <p>Michael C. Gersack, Exhibit___(MCG-1), Vol. 2B, Schedule 2 (AGIS Customer Experience and Policy).</p> <p>David C. Harkness, Exhibit___(DCH-1), Vol. 2B, pgs 92-107 (Business Systems).</p> <p>Christopher C. Cardenas, Exhibit___(CCC-1), Vol. 2B, pgs 9-27 (Customer Care and Bad Debt Expense).</p> <p>Kelly A. Bloch, Exhibit___(KAB-1), Vol. 2B, pgs 92-116 (Distribution).</p> <p>Randy A. Capra, Exhibit___(RAC-1), Vol. 2C, pgs 68-112 (Energy Supply).</p> <p>Timothy J. O'Connor, Exhibit___(TJO-1), Vol. 2C, pgs 21-93 (Nuclear Operations).</p> <p>Ian R. Benson, Exhibit___(IRB-1), Vol. 2C, pgs 72-106 (Transmission).</p> |
| Application Requirements | F. The reason for seeking to recover the cost of the projects via a multiyear rate plan rather than via other means. | Greg P. Chamberlain, Exhibit___(GPC-1), Vol. 2A, (Policy/MYRP Policy). |
| Application Requirements | 16. An application for a multiyear rate plan must include or be accompanied by the rates the utility proposes to charge in each year of the multiyear rate plan, stated in fixed (<i>i.e.</i> , dollar amount) terms, not formulas. | Steven V. Huso, Exhibit___(SVH-1), Vol 2E, pgs 7-32 and Schedule 2 (Summary of Tariff Changes). |
| | | Vol. 2F Proposed Tariff Sheets |
| Application Requirements | 17. An application for a multiyear rate plan must include or be accompanied by all the information required for a general rate case, including but not limited to- | Vol. 3, Section 2, Tab 2. |
| | A. Jurisdictional financial summary, | |
| Application Requirements | B. Rate base, | Vol. 3, Section 2, Tab 3. |
| Application Requirements | C. Operating income, | Vol. 3, Section 2, Tab 4. |
| Application Requirements | D. Rate of return and cost of capital schedules and | Vol. 3, Section 2, Tab 5. |
| Application Requirements | E. Other financial schedules and cost projections filed in conjunction with a general rate change as described in Minn. R. 7825.3800 to 7825.4500. | Vol. 3, Section 2. |

| <u>Authority or Reference</u> | <u>Title/Required Information</u> | <u>Section of Initial Filing</u> |
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| Application Requirements | 18. An application for a multiyear rate plan must include or be accompanied by testimony supporting the following aspects of the case: | The MYRP Statute provides for the use of capital and O&M forecasts. Mr. Chamberlain and the business area witnesses address these matters in their testimonies. Greg P. Chamberlain, Exhibit____(GPC-1), Vol. 2A, pgs 34-37 (Policy/MYRP Policy). |
| | A. The capital additions that the utility proposes for each year of the multiyear rate plan. | David C. Harkness, Exhibit____(DCH-1), Vol. 2B, pgs 25-92 (Business Systems). Kelly A. Bloch, Exhibit____(KAB-1), Vol. 2B, pgs 9-92 (Distribution). Randy A. Capra, Exhibit____(RAC-1), Vol. 2C, pgs 27-68 (Energy Supply). Timothy J. O'Connor, Exhibit____(TJO-1), Vol. 2C, pgs 21-93 (Nuclear Operations). Ian R. Benson, Exhibit____(IRB-1), Vol. 2C, pgs 17-72 (Transmission). Gary J. O'Hara, Exhibit____(GJO-1), Vol. 2D, pgs 37-45 (Employee Expenses). Laurie J. Wold, Exhibit____(LJW-1), Vol. 2E, pgs 19-23 (Depreciation). |
| Application Requirements | B. Depreciation lives related to capital additions in each year of the plan. | Lauri J. Wold, Exhibit____(LJW-1), Vol. 2E, pgs 25-38 (Depreciation) |
| Application Requirements | C. Changes expected in the lives of all depreciable assets for two years after the plan. | Lauri J. Wold, Exhibit____(LJW-1), Vol. 2E, pgs 6-7, 31 (Depreciation) |
| Application Requirements | D. Directly related income and expense items for the plan's second and third years (as applicable), related solely to depreciation expense, property taxes, deferred taxes, state and federal taxes, allowance for funds used during construction. | Laurie J. Wold, Exhibit____(LJW-1), Vol 2E, pgs 22-25 (Depreciation) Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A pgs 33-37, 54-61, (Revenue Requirements) Christopher A. Arend, Exhibit____(CAA-1), Vol. 2D (Property Tax) |
| Application Requirements | E. A sales forecast. | Jannell E. Marks, Exhibit____(JEM-1), Vol. 2A (Sales Forecast). |
| Application Requirements | F. A budget forecast. | The Budget Documentation provided in Volumes 3, 5 and 6 includes forecasts for the 2020 test year and the 2021 and 2022 Plan Years. Volume 3 also includes forecasts and cost of service for 2023 and 2024. Company witness Mr. Robinson addresses the process used to develop the budget forecasts. Gregory J. Robinson, Exhibit____(GJR-1), Vol. 2A, Pg 14-25 (Budgeting). |
| Application Requirements | G. The utility's forecasting methodology. | Jannell E. Marks, Exhibit____(JEM-1), Vol. 2A, pgs 33-36 and Schedules 9 and 10 (Sales Forecast). Gregory J. Robinson, Exhibit____(GJR-1), Vol. 2A, pgs. 14-25 (Budgeting). |
| Application Requirements | H. An analysis of the historical accuracy of the utility's short-term, medium-term and long-term forecasts. | Jannell E. Marks, Exhibit____(JEM-1), Vol. 2A, pgs 6-10 and Schedule 2 (Sales Forecast). Gregory J. Robinson, Exhibit____(GJR-1), Vol. 2A, pgs. 32-41 (Budgeting). |

| <u>Authority or Reference</u> | <u>Title/Required Information</u> | <u>Section of Initial Filing</u> |
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| Application Requirements | 19. Regarding changes in rates and cost recovery to be implemented in the plan's second and third years (as applicable), an application for a multiyear rate plan must include or be accompanied by the following: | |
| | A. A list of the relevant categories of costs that will justify changes in the utility's rates in the second and third years of the plan. | Greg P. Chamberlain, Exhibit___(GPC-1), Vol. 2A, pgs 36-37 (Policy/MYRP Policy). Michael C. Gersack, Exhibit___(MCG-1), Vol. 2B, Schedule 2 (AGIS Customer Experience and Policy). David C. Harkness, Exhibit___(DCH-1), Vol. 2B, pgs 92-107 (Business Systems). Christopher C. Cardenas, Exhibit___(CCC-1), Vol. 2B, pgs 9-27 (Customer Care and Bad Debt Expense) Kelly A. Bloch, Exhibit___(KAB-1), Vol. 2B, pgs 92-116 (Distribution). Randy A. Capra, Exhibit___(RAC-1), Vol. 2C, pgs 68-112 (Energy Supply). Timothy J. O'Connor, Exhibit___(TJO-1), Vol. 2C, pgs 21-93 (Nuclear Operations). Ian R. Benson, Exhibit___(IRB-1), Vol. 2C, pgs 72-106 (Transmission). |
| Application Requirements | B. A forecast of the changes in each cost category. | Greg P. Chamberlain, Exhibit___(GPC-1), Vol. 2A, pgs 36-37 (Policy/MYRP Policy). Michael C. Gersack, Exhibit___(MCG-1), Vol. 2B, Schedule 2 (AGIS Customer Experience and Policy). David C. Harkness, Exhibit___(DCH-1), Vol. 2B, pgs 92-107 (Business Systems). Christopher C. Cardenas, Exhibit___(CCC-1), Vol. 2B, pgs 9-27 (Customer Care and Bad Debt Expense) Kelly A. Bloch, Exhibit___(KAB-1), Vol. 2B, pgs 92-116 (Distribution). Randy A. Capra, Exhibit___(RAC-1), Vol. 2C, pgs 68-112 (Energy Supply). Timothy J. O'Connor, Exhibit___(TJO-1), Vol. 2C, pgs 21-93 (Nuclear Operations). Ian R. Benson, Exhibit___(IRB-1), Vol. 2C, pgs 72-106 (Transmission). |
| Application Requirements | C. A forecast of any related offsetting revenues. | Benjamin C. Halama, Exhibit___(BCH-1), Vol 2S pgs 40-45; Steven V. Huso, Exhibit___(SVH-1), Vol. 2E, p. 2 (Rate Design). Vol. 3, Section II, Tab 6, Parts A and B. |
| Application Requirements | D. A process for filing and a schedule for reviewing, reports that- | |
| | 1) compare estimated costs and revenues for the second and third years (if applicable) of the plan to the actual costs the utility incurred and the revenues the utility recovered, during the second and third years and 2) explain the reasons for any differences to help the Commission and parties evaluate the accuracy of the cost estimates used in the multiyear rate making process. | Amy A. Liberowski, Exhibit___(AAL-1), Vol. 2A (MYRP) Greg P. Chamberlain, Exhibit___(GPC-1), Vol. 2A, pg 51 (Policy/MYRP). |
| Application Requirements | 20. An application for a multiyear rate plan must include or be accompanied by a clear explanation of the rates that are proposed to be in effect at the end of the multiyear rate plan. | Greg P. Chamberlain, Exhibit___(GPC-1), Vol. 2A, pg 52 (Policy/MYRP Policy). |
| | A. If the utility cannot identify the specific dollar amounts of those rates, the utility shall clearly explain the changes in costs and revenues that it proposes to include in those rates and how it proposes to calculate those rates. | Steven V. Huso, Exhibit___(SVH-1), Vol. 2E, p. 9, Schedule 5 (Rate Design). |
| | B. Alternatively, the utility may explain that a new rate case under Minn. Stat. § 216B.16 is necessary to establish these rates. | |
| Application Requirements | 21. Regarding any proposal to establish new rates on an interim basis, an application for a multiyear rate plan must include or be accompanied by an explanation of how the utility proposes to collect and possibly refund interim rates in conjunction with the collection of and transition to the rates arising from a multiyear rate plan. | Vol. 1, Interim Rate Petition Tab. |

| <u>Authority or Reference</u> | <u>Title/Required Information</u> | <u>Section of Initial Filing</u> |
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| Application Requirements | 22. Regarding an applicant's existing rate riders, an application for a multiyear rate plan must include or be accompanied by the following: | |
| | A. A proposal to restructure its riders as follows: | |
| | 1) a proposal to recover through base rates the cost of existing riders that are likely to continue and are sufficiently predictable to support recovery through base rates, | Greg P. Chamberlain, Exhibit___(GPC-1), Vol. 2A, pg 42-47 (Policy/MYRP Policy). |
| | 2) a proposal to consolidate as many other riders and cost recovery mechanisms as is practical and | Benjamin C. Halama, Exhibit___(BCH-1), Vol. 2A, pgs 113-116 (Revenue Requirements). |
| | 3) a demonstration that the utility's proposals to restructure its rate riders are the most reasonable alternatives available to the utility. | |
| Application Requirements | B. Clear evidence that double recovery will not occur as a result of the way the utility proposes to handle its multiyear rate plan and existing riders, including evidence that the periods during which the utility is recovering a cost via a rider does not overlap with the period during which it is recovering the cost via base rates or the multiyear rate plan mechanism. | Benjamin C. Halama, Exhibit___(BCH-1), Vol. 2A, pg 93 (Revenue Requirements). |
| | | Vol. 1, Interim Rate Petition Tab. |
| | | |
| Application Requirements | 23. Regarding conditions for obtaining approval for a multiyear rate plan, the application must include or be accompanied by the following: | |
| | A. A commitment to provide the Commission, parties and potentially interested persons with notice of the initial rate change and detailed financial information for the initial rate change at least 60 days before the proposed effective date of the initial rate change. | Vol. 1, Notice of Change in Rates and Interim Rate Petition Tab. |
| Application Requirements | B. An acknowledgement that upward rate adjustments during the course of the multiyear plan will be subject to refund if the rate adjustment is later determined to have been imprudent and a waiver of any claim that such refunds represent retroactive ratemaking. | This Order point predates the revised MYRP Statute and reflected the Order requirement that the only adjustments allowed were for specified large capital improvement projects. The Company proposes a one-way aggregate capital true-up in this case, as was used in the 2016-2019 MYRP. See Greg P. Chamberlain, Exhibit___(GPC-1), Vol 2A, pg 49 and Amy A. Liberowski, Exhibit___(AAL-1), Vol 2A, pp. 6 & 7 |
| Application Requirements | C. A proposal for a process that ensures that if it became prudent to delay or avoid making a planned investment, the cost of that investment would be removed from the rates arising from the multiyear rate plan and would be refunded if already collected. | This Order point predates the revised MYRP Statute and reflected the Order requirement that the only adjustments allowed were for specified large capital improvement projects. The Company proposes a one-way aggregate capital true-up in this case, as was used in the 2016-2019 MYRP. See Greg P. Chamberlain, Exhibit___(GPC-1), Vol 2A, pg 49 and Amy A. Liberowski, Exhibit___(AAL-1), Vol 2A pp. 6 & 7 |
| Customer Notice | 24. In addition to the notices that a utility must provide to seek a general rate increase, customers shall be provided with additional customer communication and opportunities to participate in the multiyear ratemaking process. | See Vol. 1 |
| Customer Notice | 25. A utility shall fully inform its customers about its proposal for a multiyear rate plan and the plan's effects on rates. Public hearing notices and bill inserts shall fully explain the process, the utility's proposal, the proposed duration of the plan and how the customer can participate. | Vol. 1, Notice of Change in Rates Tab. |
| Customer Notice | 26. The administrative law judge presiding over a case for a multiyear rate plan shall offer the opportunity for public comment. | Not a completeness item. |
| Customer Notice | 27. All oral or written comments before the administrative law judge or the Commission shall become part of the case record. | Not a completeness item. |
| Customer Notice | 28. A utility shall provide notice of each rate change when the change becomes effective. Sixty days before the initial rate change is proposed to take effect, the utility shall provide the Commission, parties and potentially interested persons with notice of the change and detailed financial information. | Vol. 1, Interim Rate Petition Tab. |

| <u>Authority or Reference</u> | <u>Title/Required Information</u> | <u>Section of Initial Filing</u> |
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| Compliance Filings | <p>29. A utility applying for or operating under a multiyear rate plan shall do the following:</p> <p>A. File annual status reports confirming that the utility has made investments according to its multiyear rate plan and affirming that it still intends to make the future investments authorized as part of the plan.</p> | <p>This Order point predates the revised MYRP Statute and reflected the Order requirement that the only adjustments allowed were for specified large capital improvement projects. The Company proposes a one-way aggregate capital true-up in this case, as was used in the 2016-2019 MYRP. See Greg P. Chamberlain, Exhibit____(GPC-1), Vol 2A, pg 49 and Amy A. Liberkowski, Exhibit____(AAL-1), Vol 2A pgs 6, 7; Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pg 57.</p> |
| Compliance Filings | <p>B. If a project included in a multiyear rate plan is canceled or postponed, within 30 days inform the Commission and parties, file a proposal to adjust rates to stop collecting any costs related to the canceled or postponed project and refund costs already collected.</p> | <p>This Order point predates the revised MYRP Statute and reflected the Order requirement that the only adjustments allowed were for specified large capital improvement projects. The Company proposes a one-way aggregate capital true-up in this case, as was used in the 2016-2019 MYRP. See Greg P. Chamberlain, Exhibit____(GPC-1), pg 49 and Amy A. Liberkowski, Exhibit____(AAL-1), pp. 6 & 7; Benjamin C. Halama, Exhibit____(BCH-1), p. 129</p> |
| Compliance Filings | <p>C. If a utility makes some other material change in plans, file a status report promptly (e.g., within 30 days of the known change).</p> | <p>This Order point predates the revised MYRP Statute and reflected the Order requirement that the only adjustments allowed were for specified large capital improvement projects. The Company proposes a one-way aggregate capital true-up in this case, as was used in the 2016-2019 MYRP. See Greg P. Chamberlain, Exhibit____(GPC-1), pg 49; and Amy A. Liberkowski, Exhibit____(AAL-1), pp. 6 & 7; Benjamin C. Halama, Exhibit____(BCH-1), 129.</p> |
| Compliance Filings | <p>D. Within 180 days after the final rate adjustment under the multiyear rate plan, make a compliance filing verifying that the rates charged under the plan were based only on reasonable and prudent costs of service.</p> | <p>This Order point predates the revised MYRP Statute and reflected the Order requirement that the only adjustments allowed were for specified large capital improvement projects. The Company proposes a one-way aggregate capital true-up in this case, as was used in the 2016-2019 MYRP. See Greg P. Chamberlain, Exhibit____(GPC-1), pg 49; Amy A. Liberkowski, Exhibit____(AAL-1), pp. 6 & 7; Benjamin C. Halama, Exhibit____(BCH-1), 129.</p> |

| Authority or Reference | Title/Required Information | Section of Initial Filing |
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| COMMISSION ORDERS IN XCEL ENERGY DOCKETS (E002 or G002) | | |
| GR-91-1 | 1991 General Electric Rate Case | |
| Order, 11/27/91 | The Company shall incorporate the DRI index, or a comparable industry standard, as a guideline in future rate cases. | Provided separately to agencies in accordance with the Order in E002/GR-92-1185 in Supplemental Budget Information Volume, Inflation Trend Analysis Tab. |
| | The Company shall implement the following budget requirements in its next rate case: | |
| | a) Besides the budget documentation filed according to the standards of this Order, the Company shall at the time of filing make support documentation available for inspection by other parties upon request. Such documentation should include workpapers and notes used in developing budgets; | This information is available for review at our office at 414 Nicollet Ave, Minneapolis, MN. Please contact Gail Baranko 612-330-6935. |
| | b) The Company shall file translation reports linking cost element, cost activity and project budgeting mechanisms on a common and consistent basis to ensure a proper audit trail; | See Budget Documentation in Vols. 5 and 6. Also see Supplemental Budget Information Volume, Budget Translation/ Analysis of Miscellaneous Expenses Tab provided to agencies separately in accordance with the Order in E002/GR-92-1185. |
| Order, 11/27/91 | c) The Company shall file bridge schedules showing all adjustments used in moving from the unadjusted budget to the rate case numbers; | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pgs 27, 31, 43, 71, Schedules 10a, 10b, 10c, 11a, 11b, 11c (Revenue Requirements); Vol. 3 Section II, Part 3, Tab C and Part 4 Tab D. |
| | d) The Company shall provide summaries of all of its applicable budgets by FERC subaccounts. If the Company cannot comply with this requirement it shall show cause within 30 days of the date of this Order; | Vol. 3, Section IV, Part 1, FERC Sub-Account Information. |
| | e) The Company shall include month-by-month accounting of all transactions in the contingency funds; | Provided separately to agencies and consistent with past rate cases, this information is provided in Supplemental Budget Volume, Capital Substitution/ Contingent Fund Process and Reports Tab in accordance with the Order in E002/GR-92-1185. |
| | f) The Company shall provide a year-end summary report of project substitution with each contingency fund by project type and subject benefit. | Provided separately to agencies and consistent with past rate cases, this information is provided in Supplemental Budget Volume, Capital Substitution/ Contingent Fund Process and Reports Tab in accordance with the Order in E002/GR-92-1185. |
| | Advantage Service shall: | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pg 130 (Revenue Requirements); NSP Advantage Service now operates under the name HomeSmart from Xcel Energy®. |
| | - pay a return on the use of NSP's billing services asset. - compensate the Company for its personnel's referral time. - pay the Company a competitive rate for use of its mailing lists. | |
| M-93-1253 | Sale of Steam to Liberty Paper, Inc. | |
| Order, 2/14/95 | Costs of construction to be segregated from utility rate base, operating and maintenance expense to be recorded in nonutility operating accounts. | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pg 44-45 (Revenue Requirements); This is the last time we will report on this item in our rate case completeness list - we will remove reference in next case. |
| M-94-13 | Treatment of Emission Allowance Transactions Under Clean Air Act | |
| Order, 5/12/94 | Company to defer to the next rate case revenues from the sale by the EPA of emissions reserves, as well as gains from the sale of allowances and incremental transaction costs. | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pgs 129-130 (Revenue Requirements). |
| AI-94-1056 AI-94-1188 | Affiliated Interest Dockets related to leases with United Power and Land Company | |
| Orders, 2/14/95 & 3/17/95 | NSP is required to demonstrate in future rate cases that all payments made to or by NSP as a result of its affiliated interest agreements are reasonable and that these agreements have not resulted in any ratepayer subsidization of non-regulated activities of affiliated companies. | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pg 64 (Revenue Requirements). Melissa L. Schmidt Exhibit____(MLS1), Vol. 2D, pgs 24-27 (Cost Allocations). |
| M-95-174 | Competitive Bidding Process | |
| Order 08/05/96 | NSP to track capacity-related non-performance penalties on NSP Generation projects for return to ratepayers in a future rate case. | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pgs 131-132 (Revenue Requirements). |
| GR-97-1606 | 1997 General Rate Case | |
| Order, 9/30/98 | Tax Benefit Transfer leases included in the test year are consistent with the methodology approved in past NSP rate case orders. | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pg 131 (Revenue Requirements). |
| AI-01-493 | Administrative Services Agreement between Xcel Energy Services, Inc. and Its Operating Affiliates | |
| Order, 6/22/01 | Provide up-front testimony demonstrating the benefits to the ratepayers (e.g. , sharing rail cars). | Melissa L. Schmidt, Exhibit____(MLS1), Vol. 2D, pg 24 (Cost Allocations) |

| <u>Authority or Reference</u> | <u>Title/Required Information</u> | <u>Section of Initial Filing</u> |
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| AI-04-181 | Updated Service Agreement with Xcel Energy Services Inc. | |
| Order, 8/20/04 | Identify Investor Relations Costs and provide the calculations showing the allocation of these costs between ratepayers and shareholders in next rate case. | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, page 73 (Revenue Requirements); Vol. 4, Section III, Tab WP A-11. Sarah W. Soong, Exhibit____(SWS-1), Vol. 2A, pgs 43-44 (Capital Structure). |
| M-04-1956 | Low-Income Discount Program | |
| Order, 9/26/14 | Xcel shall file a proposal to include recovery of its Low-Income Program costs through base rates in its next rate case. | Steven V. Huso, Exhibit____(SVH-1), Vol. 2E, pages 11-12 (Rate Design). |
| GR-08-1065 | 2008 Minnesota Electric Rate Case | |
| Order, 10/23/09 Order Point 9 | In future electric rate case filings, Company shall include testimony and schedules of short-term and long-term capacity costs by contract and shall show how the capacity amounts were calculated. | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pgs 127-128, Schedule 15 (Revenue Requirements). |
| Order, 10/23/09 Order Point 10 | In future electric rate case filings, Company shall include information on steps it has taken to exclude from advertising expense costs related to branding and other promotional activities. | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pgs 52-53, 73 (Revenue Requirements); Vol. 4, Section III, Tab WP A-1 Advertising. |
| Order, 10/23/09 Order Point 12 | As recommended by ALJ, Company shall use Renewable Energy Standard Rider to flow through to customers revenues from all sales of Renewable Energy Credits. | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pgs 131. |
| Order, 10/23/09 Order Point 13 | In future rate case filings, the Company shall include the sales forecast information discussed in Findings 145-148 of the Administrative Law Judge's Report. | Forecasting data was pre-filed on October 1, 2019 in Docket No. E002/GR-19-564. |
| | 145. Xcel also agreed to continue working with the OES on forecasting issues. While Xcel maintains it cannot always meet a requirement to independently verify or duplicate all economic and demographic data obtained from third parties, it committed to working with the OES toward greater data transparency and will work closely with the OES to respond to any concerns regarding its data sources | |
| | 146.[In] Docket No. E002/GR-05-1428, Xcel submitted its data used in test year sales forecasts 30 days before it filed this rate case. Company will comply with a similar requirement, if ordered in this rate case and will work with OES to facilitate it | |
| Order, 10/23/09 Order Point 13 | 147. Company will continue to maintain and monitor various resources such as the "Financial and Rate Revenue" report and "Tariff Analysis Report" discussed in the compliance report submitted on September 4, 2007 in Docket No. E002/GR-05-1428. | Requirement satisfied and provided in the forecast pre-filing materials submitted on October 1, 2019 in this docket. |
| | 148. Company will continue working with OES on improving electronic linkage between CCOSS, forecasting and revenue models for its next rate case. | The Company is providing electronic copies of its CCOSS and revenue models on a Compact Disk in the non-public package accompanying our submission. |
| | In future rate case filings, Company shall include analysis of nuclear plant outage costs shown in OES Information Request 140, Attachment A, included in Exhibit 86. | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pg 127; Vol 4, Section VIII, Tab WP P4-1 Nuclear Outage Amortization. |
| 09-1153 | 2009 Gas Rate Case | |
| Order, 12/6/10 Order Point 9 | In all future rate case filings, Xcel shall disclose if the utility has elected a rate recovery method alternative to a Federal Accounting Standards Board pronouncement in reliance on Statement of Financial Accounting Standards No. 71. | Vol. 3, Section IV, Tab 3, Reg. Assets, Liabilities, Deferred Debits and Credits. |
| Order, 12/6/10 Page 37 (approving Pension Settlement, Exhibit 46) | The Company shall include a discussion of instances when it is relying on Statement of Financial Accounting Standards ("SFAS") 71, similar to its use of Aggregate Cost Method for pension accounting. | See, Vol. 3, Section IV, Tab 3, Reg. Assets, Liabilities, Deferred Debits and Credits. |
| Order, 12/6/10 Page 37 (approving Pension Settlement, Exhibit 46) | NSP MN will continue to use the Aggregate Cost Method for ratemaking and financial purposes for pension expense. To the extent the Company is required to fund pursuant to the Pension Protection Act ("PPA"), the Company proposes that the treatment will be consistent with the Company's handling of SFAS 106. | Richard R. Schrubbe, Exhibit____(RRS-1), Vol. 2D, pg 21-26 (Pension). |
| GR-10-971 | 2010 Electric Rate Case | |
| Order 12/27/10 | [A]t the hearing on this matter, the Company stated its agreement to file salary data for the 6th through 10th highest paid officers of the Company as public data. | See Vol. 3, compact disk, EER Schedule 5. |

| <u>Authority or Reference</u> | <u>Title/Required Information</u> | <u>Section of Initial Filing</u> |
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| AI-10-690 & GR-10-971 | Petition and Compliance Filing Cost Allocation Procedures and General Allocator and 2010 Electric Rate Case | |
| Order, 3/15/11 | In the course of the stakeholder discussions required under the October 2009 order, the Company and the OES agreed that the Company would begin rounding final allocators to the fourth decimal place – instead of the second, as it had in the past – and that it would not do any rounding of the numbers used in calculating those final numbers. | Melissa L. Schmidt, Exhibit____(MLS1), Vol. 2D, pg 14 (Cost Allocations) |
| Erratum Notice, 3/25/11 | The Company shall change the formula for the general allocator and for all allocators in which it uses number of employees to substitute Allocated Labor Hours with Overtime in place of Number of Employees. | Melissa L. Schmidt, Exhibit____(MLS1), Vol. 2D, pgs 14-16 (Cost Allocations) |
| GR-10-971 | 2010 Electric Rate Case | |
| ALJ Report, 2/22/12, Finding 555 and Exhibit 105 | Tax Effect of Bonus Depreciation — Consumption of Deferred Tax Asset. The Company agreed to refund to customers the revenue requirements associated with the consumption of the deferred tax assets, estimated to return approximately \$60 million over the period from 2012 through 2015. The Company agreed that the amount and timing of the consumption of the deferred tax assets will be trued up to actual results and subject to the Commission's approval, in the manner reflected in Exhibit 105, "Tax Normalization and Allowance for Net Operating Losses." | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pgs 55-59, 99-101, 104, Schedules 4, 9, 10a-c, 11a-c, 20 (Revenue Requirements); Vol. 4B, Section VIII, Tab WP A45 Net Operating Loss. NOL reports have been filed on May 31, 2012, May 31, 2013, June 2, 2014, May 29, 2015, May 31, 2016, May 31, 2017, May 31, 2018 and June 14, 2019 in Docket No. E002/GR-10-971. |
| ALJ Report, 2/22/12, Finding 555 and Exhibit 105 | Tax Effect of Bonus Depreciation -- Beginning with the 2011 MN jurisdictional annual report (filed May 1, 2012), reflect a deferred tax asset to be estimated to be \$197 million at the end of 2011 based on the TY amounts provided in Mr. Robinson's Sch 4 and 5, which amount shall be trued up for actual results in the May 1 Report. | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pgs 55-59, 99-101, 104, Schedules 4, 9, 10a-c, 11a-c, 20 (Revenue Requirements); Vol. 4B, Section VIII, Tab WP A45 Net Operating Loss. NOL reports have been filed on May 31, 2012, May 31, 2013, June 2, 2014, May 29, 2015, May 31, 2016, May 31, 2017, May 31, 2018 and June 14, 2019 in Docket No. E002/GR-10-971. |
| ALJ Report, 2/22/12, Finding 555 and Exhibit 105 | Tax Effect of Bonus Depreciation -- Establish a regulatory liability on the Company's books each year, beginning in 2012, for the revenue requirements associated with the consumption of the deferred tax asset that is projected to occur in that year, based on the budget data included in the jurisdictional annual reporting order to ensure that these amounts are reflected as being owed to customers as they are consumed. | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pgs 55-59, 99-101, 104, Schedules 4, 9, 10a-c, 11a-c, 20 (Revenue Requirements); Vol. 4B, Section VIII, Tab WP A45 Net Operating Loss. NOL reports have been filed on May 31, 2012, May 31, 2013, June 2, 2014, May 29, 2015, May 31, 2016, May 31, 2017, May 31, 2018 and June 14, 2019 in Docket No. E002/GR-10-971. |
| ALJ Report, 2/22/12, Finding 555 and Exhibit 105 | Tax Effect of Bonus Depreciation -- The Company agrees to file on May 31 of each year, until such time that the deferred tax asset balance is fully reversed, a compliance report of the 1) deferred tax asset associated with the unused tax deductions and PTC carry forward balances; 2) the deferred tax liability associated with the year by year net change in bonus tax depreciation as provided by the Dec 2010 tax law change; and, 3) the revenue requirement effect of the actual utilization of the balances listed in 1 & 2 above. The compliance report shall be based upon the Company's annual report filed with the Department of Commerce each May 1 and shall, if applicable, include a proposed refund plan to return to ratepayers the revenue requirement effect associated with the utilization of these deferred tax benefits. If there is not a refund required for any year, the Company must clearly explain why and explain any changes in the amounts estimated in Mr. Robinson's rebuttal pg. 17, Table 3. | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pgs 55-59, 99-101, 104, Schedules 4, 9, 10a-c, 11a-c, 20 (Revenue Requirements); Vol. 4B, Section VIII, Tab WP A45 Net Operating Loss. NOL reports have been filed on May 31, 2012, May 31, 2013, June 2, 2014, May 29, 2015, May 31, 2016, May 31, 2017, May 31, 2018 and June 14, 2019 in Docket No. E002/GR-10-971. |
| ALJ Report, 2/22/12, Finding 556 and Exhibit 56, Schedule 1 | Employee Expenses: Provide direct testimony that includes an explanation of all employee expense data in the company's systems. NSP's direct testimony will explain the creation of our EER schedules. This will include an explanation of how we pulled the data from our employee expense reporting systems (primarily Concur or its successor system(s)) and an explanation of any data for which summary level information is provided, such a labor per diems, bargaining employee pay-in-lieu, safety, clothing allowances, etc. NSP's direct testimony will discuss any limitations of its EER schedules and provide a plan of action to correct the problems NSP identifies in both that proceeding and future proceedings. | Gary J. O'Hara, Exhibit____(GJO-1), Vol. 2D, pgs 10-37 and Schedule 6 (Employee Expenses). |
| ALJ Report, 2/22/12, Finding 556 and Exhibit 56, Schedule 1 | Employee Expenses: Provide direct testimony that explicitly identifies certain types of employee expenses as "below the line" that NSP agrees to remove as representative of expenses we do not ask to recover from ratepayers. | Gary J. O'Hara, Exhibit____(GJO-1), Vol. 2D, pg 24-30, Schedule 8 (Employee Expenses). |

| Authority or Reference | Title/Required Information | Section of Initial Filing |
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| ALJ Report, 2/22/12, Finding 556 and Exhibit 56, Schedule 1 | These types of expenses include expenses where employees failed to properly document the business purpose of the expense as required by the company's policy. NSP will also remove expenses that, while perhaps helpful to employee morale, are not clearly necessary for the provision of utility service. The company may request inclusion of a certain level of non-safety recognition expense per employee as long as the company provides an explanation of how this level is maintained. This review will require subjective judgment. NSP will continue to request recovery of expenses such as safety awards and meals purchased for overtime work as required by union contracts. NSP's direct testimony will provide a clear road map for the OAG and other interested parties to be able to understand the types of expenses the company has removed. The direct testimony will also disclose whether... | Gary J. O'Hara, Exhibit ____ (GJO-1), Vol. 2D, pages 24-31 and Schedule 8 (Employee Expenses). |
| | NSP continues to request ratepayer recovery of any of the types of controversial expenses identified in this and our earlier rate case. | Vol. 3 Section IV, Tab 2, Travel, Entertainment & Related Employee Expenses and compact disk provided with Vol. 3. |
| ALJ Report, 2/22/12, Finding 556 and Exhibit 56, Schedule 1 | Employee Expenses: Provide direct testimony that discusses overall budget levels for employee expenses and explains NSP's progress in improving employee expense reporting and compliance with the employee expense policy. This would also include a discussion of NSP's efforts to improve its performance on certain issues raised in this electric rate case such as providing a more complete business purpose and complying with NSP's spending limits for recognition and gift expenses. NSP's internal audit team will continue to review compliance with the company's expense policy regarding such things as: 1) providing a business purpose for incurring expenses; 2) limiting meal expenses to \$65/day per person except in special circumstances approved by management; and 3) limiting business meals expenses to only instances where employees could not have been reasonably conducted their work during regular business hours. NSP's direct testimony will include a summary of the findings of its internal audits. NSP will make the complete audit reports available to the OAG and the Department. | Gary J. O'Hara, Exhibit ____ (GJO-1), Vol. 2D, pages 10-30, Sch 8, (Employee Expenses). |
| ALJ Report, 2/22/12, Finding 556 and Exhibit 56, Schedule 1 | Employee Expenses: Provide EER Schedules in a manner that facilitates easier review and quantification of categories, NSP will provide electronic versions of the EER Schedules to the OAG and the Department. This will allow parties, for example, to more easily identify the number of meal expenses over \$65/per person. | Vol. 3 Section IV, Tab 2, Travel, Entertainment & Related Employee Expenses and compact disk provided with Vol. 3. |
| ALJ Report, 2/22/12, Finding 556 and Exhibit 56, Schedule 1 | NSP commits to provide updates to the OAG and Department of changes NSP makes to its employee expense policies, employee expense reporting systems, or other changes that will affect NSP's future reporting under Minn. Stat. § 216B.16, subd. 17. | Gary J. O'Hara, Exhibit ____ (GJO-1), Vol. 2D, Schedule 3 (Employee Expenses). |
| ALJ Report, 2/22/12, Finding 556 and Exhibit 56, Schedule 1 | NSP commits to meeting with the OAG prior to the filing of future rate cases so the parties can discuss how to streamline regulatory review of employee expenses. | The Company consulted the OAG on October 24, 2019. |
| ALJ Report, 2/22/12, Finding 557 | The OAG requested that, in its next rate case, the Company include a report of the total compensation for employees engaged in lobbying, with an explanation of the costs included and excluded in the rate request. The Company has agreed to do so and the OAG requested that the Commission's order include this requirement. | Gary J. O'Hara, Exhibit ____ (GJO-1), Vol. 2D, pg 45 and Schedule 10 (Employee Expenses). |
| GR-10-971 | 2010 Electric Rate Case | |
| Order, 5/14/12 Order Point 11 | The Company shall establish a reporting and tracker mechanism for the deferred taxes generated by the bonus depreciation established at the time of this rate case filing. The Company shall make an annual filing detailing its utilization of the tax benefit until the tax benefit is fully realized. | Benjamin C. Halama, Exhibit ____ (BCH-1), Vol. 2A, pgs 55-59, 99-101, 104, Schedules 4, 9, 10a-c, 11a-c, 20 (Revenue Requirements); Vol. 4, Section VIII, Tab WP A45 Net Operating Loss. NOL reports have been filed on May 31, 2012, May 31, 2013, June 2, 2014, May 29, 2015, May 31, 2016, May 31, 2017, May 31, 2018 and June 14, 2019 in Docket No. E002/GR-10-971. |
| M-09-1048 | Modification to Xcel Energy TCR Tariff, 2010 Project Eligibility, TCR Rate Factors, Continuation of Deferred Accounting and 2009 True-up Report | |
| Order 4/27/2010 | In setting guidelines for evaluating project costs going forward, the TCR project cost recovered through the rider should be limited to the amounts of the initial estimates at the time the projects are approved as eligible projects, with the opportunity for the Company to seek recovery of excluded costs on a prospective basis in a subsequent rate case. | There were no costs of eligible projects excluded from TCR filings prior to the filing of this case. |
| GR-12-961 | 2012 Electric Rate Case | |

| <u>Authority or Reference</u> | <u>Title/Required Information</u> | <u>Section of Initial Filing</u> |
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| Order, 9/3/13 Order Points 10, 21 | Nobles: 10. Xcel shall amortize the \$5.6 million jurisdictional cost of the Nobles Wind Project, less the \$500,000 already recovered, through depreciation over the remaining life of the plant (2013 to 2035). The unamortized balance will be excluded from rate base and a carrying charge is not allowed. | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pg 73 (Revenue Requirements); Vol. 4, Section III, Tab WP A-13 Nobles Amounts over CON. |
| Order, 9/3/13 Order Point 18 | Sales Forecast: 18. Xcel shall include the following items in its next rate case: | While expressly limited to "its next rate case," i.e. the 13-868 docket, the Company has provided similar information in the current matter. |
| | a. Forecasting data at least 30 days prior to the initial rate case filing; | The Company Forecasting data was pre-filed on October 1, 2019 in Docket No. E002/GR-19-564. |
| | b. A comparison to the forecast information in this docket and the Baseload Diversification Study filed on or around July 1, 2013; | This request was specific to either the 2014 or 2016 TY forecasts and is outdated. In the Forecast prefilng IR No. 18 we provided comparisons of the sales forecast to the GR-15-826 forecast, the RP-19-368 forecast, and the AA-19-293 forecast |
| | c. Large industrial customer account data in a format that allows interested parties to readily access historical data for all customers; | Available upon request. |
| | d. A spreadsheet, with all links intact, identifying any data inconsistencies with the Company's raw weather data and any modifications made to the raw weather data; | Weather data was provided in Forecast prefilng IR Nos. 12 and 13. |
| | e. A detailed step-by-step explanation as to how test year revenue was calculated and what commands should be changed if a party wishes to adjust test year sales, adjust customer counts or calculate revenue; | Order Points 18.e, 18.f and 18.g are addressed on Work Papers compact disc, file revmodMN2020TY.xlsx, "Overview" Tab. |
| Order, 9/3/13 Order Point 18 | f. A detailed description of the changes the Company has made to simplify its test year revenue calculation so that persons outside of the Company may verify the accuracy of the calculation; and g. A report on the meetings Company representatives have had, prior to filing, with interested parties to explain its revenue calculation process and to cooperatively discuss methods for streamlining the revenue calculation. | |
| Order, 9/3/13 Order Point 22 | Allocation of CCRC in CCROSS: 22. Xcel shall allocate its Conservation Cost Recovery Charge using the per-kWh method as recommended by the Department. | Michael A. Peppin, Exhibit____(MAP-1), Vol. 2E, page 27 (CCROSS) and Schedule 13. |
| Order, 9/3/13 Order Point 23 | Allocation of Transmission in CCROSS: 23. Xcel shall reallocate transmission facility costs in this rate case in a manner consistent with its allocation of capacity costs, according to contribution to summer peak demand. | Michael A. Peppin, Exhibit____(MAP-1), Vol. 2E, Schedule 2, Appendix 2 pg 3. (CCROSS). |
| Order, 9/3/13 Order Point 29 | AIP Refund Mechanism: 29. Xcel shall retain its existing refund mechanism, which provides customer refunds in the event that the incentive compensation payouts are lower than the test-year level approved in rates. | Amy A. Liberkowski____Exhibit (AAL-1), Vol. 2A, pgs 10-11 (MYRP). |
| | | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pg 126 (Revenue Requirements). |
| Order, 9/3/13 Order Point 37 | Compensating Return: 37. The Company shall not be permitted to include a compensating return on the pension's unamortized asset loss balances. | Richard R. Schrubbe, Exhibit____(RRS-1), Vol. 2D, pg 49 (Pension). |
| Order, 9/3/13 Order Point 40 | Pension Schedules: 40. In future rate case filings, Xcel shall include for each pension plan schedules of its 2008 market loss amortization, for the entire amortization period, until the 2008 market loss amortization has been extinguished. | Richard R. Schrubbe, Exhibit____(RRS-1), Vol. 2D, page 19 and Schedule 3 (Pension). |
| Updated Issues List 6/5/13 Page 19 | Wholesale Customer Reporting: The Company and Department also agreed the Company will provide as a compliance filing in future rate cases a wholesale customer study which shows all wholesale customers being served by the Company (including, but not limited to, full requirements, partial requirements and market based wholesale customers), types of service being provided to each wholesale customer, costs and revenues associated with each wholesale customer and a clear showing either that wholesale costs are allocated out of the retail rate case or that the revenues are included in the retail rate case, for all services provided to wholesale customers. | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pg 125, Schedule 14 (Revenue Requirements). |
| Updated Issues List 6/5/13 Page 26 | Chemicals Reporting: The Department also recommended that the Commission require the Company to provide support in its initial case that is detailed and transparent for all proposed recovery of costs of chemicals (including mercury sorbent, lime, ammonia, etc.) including volumes and prices, reflecting historical data a competitively bid contract information and including the type of information provided in response to DOC information request no. 191. | Randy A. Capra, Exhibit____(RAC-1), Vol. 2C, pages 90-111 and Schedules 6 and 7 (Energy Supply). |

| <u>Authority or Reference</u> | <u>Title/Required Information</u> | <u>Section of Initial Filing</u> |
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| Heuer Direct pg. 20 | Cancelled Projects. In future rate cases, the Company commits to identify cancelled or abandoned capital projects and related impacts on test year costs to the extent such cancellations are known at the time of filing its direct testimony. | Laurie J. Wold, Exhibit____(LJW-1), Vol. 2E, page 13 (Depreciation). |
| Heuer Rebuttal pg. 21 | <p>Financial Labeling: All of the numbers in the rate case (initial filing and responses to information requests) should be clearly and consistently labeled in future rate cases, with focus on financial and not legal entities. The Company will make best efforts to label each amount as:</p> <p>Xcel Energy Services Inc. Definition: Service Company providing services across all Xcel Energy Inc. operating companies;</p> <p>NSP System Definition: The integrated electric production and transmission system owned and operated by NSPM (in Minnesota, North Dakota, South Dakota) and Northern States Power Company-Wisconsin (in Wisconsin and Michigan) NSP-Minnesota; or</p> <p>NSPM Definition: Total Company (electric and natural gas utilities)</p> <p>NSPM Electric Definition: Total Company (electric utility only)</p> <p>State of Minnesota Electric Jurisdiction Definition: NSPM allocated to the electric utility and Minnesota jurisdiction. Individual test year components and adjustments will be stated net of Interchange Agreement billings to NSPW.</p> | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pgs 1-4, 123-125, Schedule 5 (Revenue Requirements). |
| GR-13-868 | 2013 Electric Rate Case | |
| Order, 5/8/15 Page 67 | For the Company's next rate case, the Commission encourages Xcel to work with MISO and other parties to recalculate the D10S Capacity Allocator on the basis of MISO's peak for purposes of comparison with Xcel's peak. | Michael A. Peppin, Exhibit____(MAP-1), Vol 2E, pgs 2-3; 21-25 (CCOSS), Schedule 2, Appendix 2 page 3 |
| Order, 5/8/15 Page 69 | The Commission will require Xcel to modify its 2014 and 2015 class-cost-of-service studies to use the location method to allocate other production O&M costs. Further, in its next rate case, the Company should continue using the location method to allocate these costs. | Michael A. Peppin, Exhibit____(MAP-1), Vol 2E, pgs 28-29 (CCOSS). |
| Order, 5/8/15 Order Point 4 | Monticello. 4. The disallowance of 2014 Monticello EPU depreciation expense shall be a permanent disallowance. The Company shall reduce Construction Work in Progress by this amount, or if the plant is shown as being included in Plant in Service, the disallowed depreciation expense will remain in the depreciation reserve. Xcel shall make a compliance filing within ten days of this order providing the accounting entries and explaining how this permanent disallowance is reflected in its accounting records. | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pg 73 (Revenue Requirements); Vol. 4, Section III, Tab WP A-12. |
| Order, 5/8/15 Order Point 7 | Pension. 7. The Company shall apply the rolling five-year average FAS 87 discount rate when determining the XES Plan cost subject to deferral (or reversal) in subsequent years (i.e., non-rate-case test years) as the 2012 mitigation established in Docket No. E-002/GR-12-961 continues. | Richard R. Schrubbe, Exhibit____(RRS-1), Vol. 2D, pg 36 (Pension). |
| Order, 5/8/15 Order Point 10 | Pension. 10. The qualified pension asset and associated deferred-tax amounts shall be included in rate base. For rate-base purposes, the pension asset is to reflect the cumulative difference between actual cash deposits made by the Company reduced by the recognized qualified pension cost determined under the ACM/FAS 87 methods since plan inception, not to exceed the Company's filed request. | Richard R. Schrubbe, Exhibit____(RRS-1), Vol. 2D, pg 63-65 and Schedule 13. |
| Order, 5/8/15 Order Point 13 | Pension. 13. The discount rate used to calculate retiree medical benefit costs for ratemaking purposes shall be set to equal 5.08%, the five-year average of the FAS 106-based discount rates. | Richard R. Schrubbe, Exhibit____(RRS-1), Vol. 2D, pages 53-55 and Schedule 9 (Pension). |
| Order, 5/8/15 Order Point 14 | Pension. 14. Any amount by which the qualified pension expense allowed in rates exceeds future years' qualified pension expense (calculated using the Commission-approved discount-rate point of reference) the Company shall apply toward the recovery of the accumulated deferred XES Plan costs. "Future years" includes 2015, and each subsequent year's qualified pension expense if not a rate-case test year. The recoverable XES Plan expense amount shall be calculated using the proximate measurement date appropriate for each operating year (12/31/2013 for 2014; 12/31/2014 for 2015, etc.) until the next rate case. The Company shall file annual compliance reports which provide its pension plans' cost-calculation reports, the XES Plan accumulated deferred balance, and the excess rate-level recovery applied toward satisfying the deferral. Deferred amounts shall not be included in rate base. | Richard R. Schrubbe, Exhibit____(RRS-1), Vol. 2D, pages 50-51 and Schedule 11 (Pension). Compliance filings submitted on 6/14/17, 6/15/18 and 6/17/19. |

| <u>Authority or Reference</u> | <u>Title/Required Information</u> | <u>Section of Initial Filing</u> |
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| Order, 5/8/15 Order Point 28 | Aviation. 28. The Commission adopts ALJ Finding 564 modified to read as follows: The Commission orders the Company in future rate cases seeking recovery of corporate aviation to provide more detailed, accurate records of the actual business purpose for flights that are scheduled, rather than reducing all flights to a generic "code." | We are not seeking cost recovery of aviation costs in this case. Gary J. O'Hara, Exhibit____(GJO-1), Vol. 2D, page 4 (Employee Expenses). |
| Order, 5/8/15 Order Point 29 | AIP. 29. The Company has complied with the filing requirements set in its last rate case (Docket No. E-002/GR-12-961) regarding its Annual Incentive Compensation Program and shall continue to provide similar information and documents in any future rate case in which it seeks rate recovery of incentive-compensation costs. | Ruth K. Lowenthal, Exhibit____(RKL), Vol. 2D page 42 (Employee Compensation). |
| Order, 8/31/15 Order Point 12 | In future rate cases, the Company shall: a. ensure internal consistency within its CCOSS and provide direct links to all inputs used in its model; b. include specific tabs within its CCOSS model that clearly identify all inputs (non-financial and financial) as well as all relationships between variables used in the cost model; c. link input sources to the financial data and non-financial data filed in the record so that any changes made in compliance are clearly and promptly reflected in the relevant compliance cost study; and d. provide estimated rate and bill impacts for customer classes to affirm the methodology of apportioning revenue responsibility. | a. to c: Michael A. Peppin, Exhibit____(MAP-1), Vol. 2E, pages 1-3; 8-18 and Schedule 9 (CCOSS). d: Steven V. Huso, Exhibit____(SVH-1), Vol. 2E, pages 8-10 and Schedules 3-6 (Rate Design). |
| 8/31/15 Order Order Point 15 | In future multiyear rate cases, regarding the issue of the passage of time: a. the Company must explicitly explain in Direct Testimony how the Company adjusts rates in years following the first year for the passage of time (all increased and decreased adjustments shown clearly); and b. filings must contain clear calculations, including narrative, detailed calculations, well-labeled information, and support for how calculations tie out to the rate case revenue requirement requested by the Company. | Greg P. Chamberlain , Exhibit____(GPC-1), Vol. 2A, Pg 36 (Policy/MYRP Policy). Laurie J. Wold, Exhibit____(LJW-1), pg 22-25 and Schedules 2,5 and 6 |
| M-15-401 | Courtenay Wind Cost Recovery | |
| 9/2/15 Order Order Point 4 | 4. The Company shall include in the initial filing in its next rate case both testimony and schedules disclosing, in detail and by project, all North Dakota Investment Tax Credits and all other non-Minnesota state tax credits earned or held by the Company as a result of its investments and activity. | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pgs 128-129 (Revenue Requirements). |
| GR-15-826 | | |
| GR-15-826, 6/12/17 Order Point 3 | Xcel shall work with Commission and Department staff to develop a capital-projects true-up compliance reporting tool that meets the regulatory needs of the agencies, to be filed annually. | Compliance filing submitted 07/07/17 detailing agreed-upon reporting elements. |
| GR-15-826, 6/12/17 Order Point 5 | Xcel shall make a compliance filing once the Mankato II in-service date becomes certain. If the in-service date does not materialize by 2019, the compliance filing should include the delay's 2019 revenue-requirement impact and how Xcel proposes to address it. | Compliance filing submitted on 10/11/18. |
| GR-15-826, 6/12/17 Order Point 6 | Within 90 days of the date of this order, Xcel shall make a compliance filing comparing final rate case expenses to the requested \$3.34 million. | Compliance filing submitted 09/08/17. |
| GR-15-826, 6/12/17 Order Point 7 | Xcel shall file, as a comparison, a true-up calculation based on actual (not weather normalized) sales and revenue throughout the term of the multiyear rate plan. | Sales True-up Compliance Filings were submitted on 2/6/17, 2/1/18 and 2/1/19. |
| GR-15-826, 6/12/17 Order Point 9; ALJ Findings 854, 855 & 856 | Regarding the Class Cost-of-Service Study: b. Xcel shall report on methods to measure losses for Xcel's next rate case. | Kelly A. Bloch, Exhibit____(KAB-1), Vol. 2B, pgs 321-325 (Distribution). Ian R. Benson, Exhibit____(IRB-1), Vol. 2C, pgs 106-110 (Transmission). |
| GR-15-826, 6/12/17 Order Point 9 | Regarding the Class Cost-of-Service Study: e. For purposes of Xcel's next rate case, Xcel shall adopt the recommendations of the ALJ with the following exceptions: i. Xcel need not adopt the ALJ's recommendations regarding the classification and allocation of distribution costs. ii. Xcel shall base the D10S capacity allocator on Xcel's system peak coincident with MISO's system peak, incorporating any future changes to MISO's method for calculating the system peak. | Michael A. Peppin, Exhibit____(MAP-1), Vol. 2E, pages 21-25, and Schedule 2, Appendix 2 page 3 (CCOSS). |
| GR-15-826, Order Point 11b | Company shall make filing every 6 months containing number of past-due residential customers and arrearage information and number of residential service disconnections. | Compliance Filings submitted on 07/31/17, 01/31/18; 07/31/18; 02/1/19 and 07/31/19 |
| GR-15-826, Order Point 11c | Company shall actively reach out to past-due customers in order to inform them about the availability of assistance from LIHEAP. (Addressed in above-noted 10/10/17 compliance.) | Addressed in Compliance Filing submitted on 10/10/2017 regarding LIHEAP funding and outreach to low-income customers. |
| GR-15-826, Order Point Pg 47 | For customers directly assigned substation costs and who do not receive service via other substations, exclude other substation costs in CCOSS | Michael A. Peppin, Exhibit____(MAP-1), Vol. 2E, pages 26-27, and Schedule 2, Appendix 2 page 4 (CCOSS). |

| <u>Authority or Reference</u> | <u>Title/Required Information</u> | <u>Section of Initial Filing</u> |
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| GR-15-826, Settlement, Page 4, Item A | Stayout Xcel Energy will not file a new general rate case for electric service prior to November 1, 2019. Xcel Energy also will not request that any interim rate and/or final rate adjustments as a result of filing a new general rate case for electric service be effective prior to January 1, 2020. | Greg P. Chamberlain , Exhibit____(GPC-1), Vol. 2A, Pg 51 (Policy/MYRP Policy). |
| GR-15-826, Settlement, Page 6, Item D; Attachment 2 to the Settlement; ALJ Finding 183 | Sales True-Up; the Company will true-up weather normalized actual sales for non-decoupled classes, subject to a three percent cap, in 2017, 2018 and 2019; | Sales True-up Compliance Filings were submitted on 2/6/17, 2/1/18 and 2/1/19. |
| GR-15-826, Settlement, Page 6, Item D; ALJ Finding 183 | Decoupling for all decoupled classes, in 2017, 2018 and 2019, the decoupling mechanism approved by the Commission in the Company's last rate case will be extended to match the term of this agreement, which will address any differences between forecasted and actual sales. | Annual Decoupling reports were submitted on 2/1/17, 2/1/18 and 2/1/2019 |
| GR-15-826, Settlement, Page 7, Item F | PI LM Costs; The Settling Parties agree that a nuclear expert will be used in the Company's next Integrated Resource Plan ("IRP") proceeding, in which the Settling Parties expect to examine the continued cost-effectiveness of the Company's nuclear fleet, and evaluate the Company's forward looking (i.e., 2020-2030's) capital expenditures and O&M expenses, with the understanding that Xcel will continue to bear the burden of proof to show the reasonableness of rate changes in future proceedings. | Timothy J. O'Connor, Exhibit____(TJO-1), Vol. 2C, pgs. 21-144. Please note that this is a requirement of our Integrated Resource Plan. |
| GR-15-826, Settlement Page 9, III; ALJ Finding 465 | Bill Payment Assistance for Customers with Medical Needs; Xcel Energy will develop and implement a customer bill payment assistance program exclusively for medical needs customers. The program will use the POWER ON program as a model and will incorporate the following: (1) providing an affordability credit in order to limit the percentage of household income that customers devote to electric costs; (2) providing an arrearage forgiveness component requiring customers to contribute a payment toward arrears (in addition to the affordability payment) in order to receive a matching monthly credit from the Company; (3) setting income eligibility for participation at 50 percent of the State Median Income ("SMI") and, only if funds remain, allow customers at 60 percent SMI to enroll; (4) providing assistance on a first come/first served basis until the program budget is exhausted; (5) limiting administrative costs to no more than five percent of the annual budget; (6) incorporating reporting and program fund tracking requirements of the current POWER ON program; and (7) recovering program costs on the same basis as the POWER ON program. The Company will file this proposed program within one hundred and fifty (150) calendar days of the Commission's final, appealable order in this proceeding. | Petition filed on 8/21/2017; Order approving program issued on 1/10/18 |
| GR-15-826, Settlement Page 9, IV; ALJ Finding 103 & 104 | LED Street Lighting; (1) The revenue requirements related to all capital additions for Light Emitting Diode ("LED") street lights will be removed from this rate case and the resulting changes to Xcel Energy's overall revenue requirements will be used in setting final street lighting rates ("LED Capital Cost Removal"). (2) All LED street lighting installed shall be billed consistent with the Commission's order in Docket No. M-15-920 and consistent with any final order in this rate case. (3) The revenue requirement reduction resulting from the LED Capital Cost Removal shall be reflected in final rates consistent with the rate design proposed by Xcel Energy or as otherwise may be ordered by the Commission. | Steven V. Huso, Exhibit____(SVH-1), Vol. 2E, pages 30-31 and Schedule 9 (Rate Design). |
| GR-15-826, Settlement Page 9, IV; ALJ Finding 103 & 104 | LED Street Lighting; (4) All street lighting costs proposed by Xcel Energy in this proceeding, other than the LED Capital Cost Removal costs, will remain and be reflected in retail rates as allowed by the Commission pursuant to its final order. (5) Xcel Energy will create a regulatory asset comprised of the revenue requirements directly related to any and all actual LED streetlight capital additions made of during the Term of the MYRP as defined in the Settlement (the "LED Deferral"). Xcel Energy is explicitly permitted to defer the LED Deferral during the term of years for which final rates will be set in this rate case. Xcel Energy agrees that the LED Deferral will accrue no carrying cost or similar time value additive before its next rate case. (6) Any LED street lighting revenues collected during the Term of the MYRP shall be credited against the LED Deferral. | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pg. 87 (Revenue Requirements). Steven V. Huso, Exhibit____(SVH-1), Vol. 2E, pages 29-30 and Schedule 9 (Rate Design). |
| GR-15-826, Settlement Page 10, IV | The LED Deferral shall be recognized and recovered as part of the test year of Xcel Energy's next rate case and such recovery shall be solely from the street lighting class; | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pg 87, Schedules 10a, 10b, 10c, 11a, 11b, 11c, 12 (Revenue Requirements); Vol 4, Section VIII, Tab WP A-34 LED Street lighting. |

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| GR-15-826, Settlement Page 10-11, IV | Xcel Energy shall maintain reasonably detailed records of LED costs and cost savings compared to HPS lighting derived from a) relamping of LEDs, b) LED service orders, c) LED effect on base rate energy and d) demand allocation; and shall provide all relevant LED cost and cost savings information on street lighting in the next rate case. | Kelly Bloch, Exhibit____(KAB-1), Vol 2B, pgs 310-313 |
| GR-15-826, Settlement Attachment 1 | D. Implementation of Sales True-Up for 2017, 2018, and 2019; ...1. No later than February 15 of each year of the Term following the Commission's final order in this Proceeding, the Company shall make a compliance filing with the Commission ("True-Up Compliance Filing") providing: a. Actual sales data for the preceding year. b. Calculation of the true-up amount (either positive or negative) for the nondecoupled classes consistent with Attachment 2 of this Settlement ("Annual True-Up amount"), subject to a three percent cap on increases in rates for these customer classes. 2. The Settling Parties may file comments to True-Up Compliance Filing; provided, however, that such comments are consistent with the agreement of the Settling Parties pursuant to this Settlement. 3. The Annual True-Up Amount shall be collected or refunded, as the case may be, over the 12 month period beginning April 1 of the year following the True-Up Compliance Filing (the "Amortization Year"). | Sales True-up Compliance Filings were submitted on 2/6/17, 2/1/18 and 2/1/19. |
| GR-15-826; ALJ Findings 447 & 448; Burdick Surrebuttal Schedule 1 | Capital True-Up; The Company will implement the capital true-up set forth in Company witness Mr. Burdick's Direct Testimony on pages 42-43 and on the timeline set forth on pages 49-50 and Schedule 15. Given the Settlement, the base line amount to be used for each of the four years will be the total annual capital related revenue requirements set forth in Department witness Mr. Lusti's second errata to Schedule DVL-9. | Capital True-Up Compliance Filings were submitted on 7/7/17, 5/1/18, 5/1/19. |
| GR-15-826; ALJ Finding 261, 266 & 268; Burdick Surrebuttal Schedule 1 | Property Tax True-Up; The Company will implement the property tax true-up set forth in Mr. Burdick's Direct Testimony on pages 44-45 and on the timeline set forth on pages 49-50 and Schedule 15. Given the Settlement and the property tax deferral in 2016, there will be no true-up in 2016 and the Company will use the property tax expense amount for 2016 established by Department witness Mr. Lusti in his Direct Testimony as the baseline for the property tax true-up for 2017, 2018 and 2019 property tax expense. | Property Tax True-Up Compliance Filings were submitted on 6/29/18 and 7/1/19. |
| GR-15-826 Erratum Notice, July 28, 2017 | Nuclear Refueling Outage Accounting; Xcel shall make a compliance filing showing the level of actual 2006–2015 nuclear-refueling-outage expenditures, by FERC account and by nuclear plant, and shall update the Commission on those expenditures annually by May 1. The filing must also show Xcel's 2006–2015 profit level resulting from the carrying charge. | Compliance filings were submitted on 5/1/18 and 4/30/19. |
| E,G002/D-17-147 | Xcel Energy's 2017 Annual Review of Remaining Lives | |
| Order, 2/8/2018; Order Point 8 | The Commission hereby approves the amortization rates as filed in Xcel's Attachment G to comply with the FERC accounting requirement that the Commission approve the amortizations rates for treatment of the FERC regulatory asset. In its next rate case and rider proceedings, Xcel must demonstrate that there are no cost impacts to Minnesota ratepayers due to Xcel's accounting treatment of its theoretical reserve amortization. | Laurie J. Wold, Exhibit____(LJW-2), pgs 35-38 and Schedule 10. Vol 2E (Depreciation) |
| AI-14-759 | Administrative Service Agreements with Xcel Energy Transmission Development Company and Xcel Energy Southwest Transmission | |
| Order, 8/3/15, Order Point 2 | Fully allocate costs and revenue credits for ASAs | Melissa L. Schmidt, Exhibit____(MLS1), Vol. 2D, pgs 13-22, Schedules 5(a), 5(b) (Cost Allocations) |
| D-17-147 | 2017 Annual Review of Remaining Lives | |
| Order, 2/8/18, p. 6 and Order Point 8 | In its next rate case and rider proceedings, Xcel must demonstrate that there are no cost impacts to Minnesota ratepayers due to Xcel's accounting treatment of its theoretical reserve amortization. | Laurie J. Wold, Exhibit____(LJW-2), pgs 35-38 and Schedule 10. Vol 2E (Depreciation) |
| AI-17-577 | Affiliated Interest Filing | |
| Order, 6/12/18, p. 7 and Order Points 2 and 3 | Difference between Employee Ratio and Allocated Labor Hours with Overtime allocation methods will be adjusted for in future rate-recovery proceedings | Melissa L. Schmidt, Exhibit____(MLS1), Vol. 2D, pgs 14-22, Schedules 5a and 5b (Cost Allocations) |
| M-18-729 | Lighting Tariff Revisions | |
| Order, 5/10/19 | Company committed to revisit base rates for Street Lighting Energy Service tariff | Steven V. Huso, Exhibit____(SVH-1), Vol. 2E, pages 30-31 and Schedule 5 (Rate Design). |
| M- 18-643 | Electric Vehicle Pilot Programs | |
| Order, 7/17/19, Order Point 7 | In its next rate case, Xcel must develop and propose a revised general service TOD rate that is more reflective of hourly system costs with a price signal designed to reduce peak demand. | Steven V. Huso, Exhibit____(SVH-1), Vol. 2E, pages 21-27 and Lon H. Huber, Exhibit____(LMH-1). |

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| Order, 7/17/19, Order Point 14 | In its next general rate case filing, Xcel must address how it intends to handle and budget for future pilots | Greg P. Chamberlain , Exhibit____(GPC-1), Vol. 2A, Pgs 46-47 (Policy/MYRP Policy). Kelly A Bloch, Exhibit____(KAB-1), Vol 2B, pgs 303-310 |
| M-19-39 | Approval of Contracts and Ratemaking Treatment for Provision of Electric Service to Google's Data Center Project | |
| Order, 7/15/19 | C. Requires Xcel to provide in future rate cases when Xcel is including costs and revenues related to Google an update to both the overall Incremental Cost and Benefit Analysis and the Rate Case Incremental Cost and Benefit Analysis as recommended in the February 15, 2019 comments of the Minnesota Department of Commerce. | Michael A. Peppin, Exhibit____(MAP-1), Vol. 2E, Pgs 51-52 and Sch 15 (CCOSS and Select Rate Design). |
| Past Order Requirements provided as Supplemental Info | | |
| GR-92-1185 | 1992 General Rate Case | |
| Order, 9/29/93 | In its next general rate case filing, the Company shall be exempted from including the following items: comparisons of budgets to DRI guidelines; the budget documentation contained in Volumes 5, 6 and 7 of the current filing; translation reports linking cost element, cost activity and project budgeting mechanisms on a common and consistent basis to assure an audit trail; and month-by-month and year-end summary reports of contingency fund transactions and project substitutions. Separately but contemporaneously with its next general rate case filing, however, the Company shall file this information with the Commission, serve copies on the Department and the RUD-OAG and make this information available for review by other parties upon their request. | Budget Documentation is included in Vols. 5 and 6 of the Application. Also see Supplemental Budget Information Volume submitted to agencies which includes Inflation Trend Analysis, Budget Translation/ Analysis of Miscellaneous Expenses and Capital Substitution/ Contingent Fund Process and Reports. |
| GR-12-961 | 2012 Electric Rate Case | |
| Order, 9/3/13 Order Point 46 | Discussion of Pension Plans. 46. In the initial filing of its next electric and gas rate case, Xcel shall include a discussion of each non-qualified retirement income plan (both defined benefit and defined contribution type plans) for which cost recovery is sought. The Company shall include in the filing and discussion disclosure of all characteristics of the unqualified plans that cause their unqualified status as well as the supporting documents and actuarial studies relied upon for the derivation of claimed cost. | Not applicable in this case. We are not seeking recovery of non-qualified pension in this case. |
| Order, 9/3/13 Order Point 47 | FERC Form 1 Details: 47. In the initial filing of its next rate case, the Company shall expand upon the information filed under Minnesota Rules 7825.4000(b) and 7825.4100(B), including balance sheet and income statement reconciliations between its FERC Form 1 and its general ledger accounts, for each of the three most recent calendar years relative to the rate case test year. The schedules provided shall be produced in like manner as requested and illustrated in the Department's Information Request 128-Revised, marked in the record as Exhibit 163, DOC Attachment ACB-15. The Company shall also include explanations of the accounts that have large differences in amounts when compared between actuals and its test-year request (change of ± 10 percent or more). | Vol. 3, Section IV, Tab 5. Vol. 6, Variance Explanations and Supplemental Reports Tab B. |
| GR-13-868 | 2013 Electric Rate Case | |
| Order, 5/8/15 Order Point 11 | Pension. 11. In the initial filing of its next electric rate case, the Company shall; a. Address why the target asset allocations for its pension fund are reasonable, including ages of retirees and employees. The Company must provide an update to its existing Exhibit 31 (Tyson Rebuttal), Schedule 1 and expand it to include this demographic information. | R. Evan Inglis, Exhibit____(REI-1), Vol. 2D (Pension Investment). |
| | b. Provide testimony on its investment strategies and target asset allocations for the qualified pension fund and the justifications for those decisions, for the period from 2007 to the date of its next filing. | R. Evan Inglis, Exhibit____(REI-1), Vol. 2D (Pension Investment). |
| | c. Provide copies of the actuarial reports used to determine employee benefit costs, including its schedules denoting each subsidiary's cost assignments for each benefit. The Company must also include workpapers that show the derivation of the jurisdictional portion of each benefit cost. | Richard R. Schrubbe, Exhibit____(RRS-1), Vol. 2D, pgs 46, 55, 58 & 79 and Schedules 9 & 10 (Pension). Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pgs 80-82, Schedules 11, 12 (Revenue Requirements); Vol. 4, Section VIII, Tab WP A-24 to A-28 Pension. |
| | d. Provide testimony that identifies and discusses each non-qualified employee-benefit cost included in its test years. | Not applicable in this case. We are not seeking recovery of non-qualified pension in this case. |
| | e. Include testimony identifying the basis used for its requested rate-base impact related to pensions. Additional schedules must be included that reflect the underlying calculation of the qualified pension asset (or liability) balances requested for rate-base inclusion. | Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, pgs 80-82, Schedules 11, 12 (Revenue Requirements); Vol. 4, Section VIII, Tab WP A-24 to A-28 Pension. Richard R. Schrubbe, Exhibit____(RRS-1), Vol. 2D, Pgs 63-72 and Sch 13. (Pension) |

| <u>Authority or Reference</u> | <u>Title/Required Information</u> | <u>Section of Initial Filing</u> |
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| Order, 5/8/15 Order Point 16 | Retiree Benefits. 16. In the initial filing of its next electric rate case, the Company shall: a. discuss the cost components of the postretirement benefits plans cost (other than pensions) affecting Minnesota rates, particularly the drivers of the amortization of net gain/loss amount and the reasons this component amount has varied since its last rate case (Docket No. E-002/GR-13-868); and b. provide the report of future years' actuarial cost projections of the postretirement benefits (other than pensions), clearly identifying the assumptions and measurement point used to develop these projections. | Richard R. Schrubbe, Exhibit____(RRS-1), Vol. 2D, pages 51-59 and Schedule 9 & 10 (Pension). |
| Order, 5/8/15 Order Point 17 | Healthcare. 17. In its next rate case the Company shall provide historical active health care costs since 2011 for each calendar year, including both the per-book amount and the actual claims expense. The Company shall also provide information detailing the annual year-end Incurred But Not Reported (IBNR) accruals and subsequent reversals. | Richard R. Schrubbe, Exhibit____(RRS-1), Vol. 2D, pages 72-77 (Pension). |
| Order, 5/8/15 Order Point 37 | CCOSS. 37. In its next rate case, Xcel shall refine its class-cost-of-service study cost-allocation method by identifying any and all other production O&M costs that vary directly with the amount of energy produced based on Xcel's analysis. If Xcel's analysis shows that such costs exist, then Xcel should classify these costs as energy-related and allocate them using appropriate energy allocators, while allocating the remainder of other production O&M costs on the basis of the production plant. | Michael A. Peppin, Exhibit____(MAP-1), Vol. 2E, pages 28-29 (CCOSS). |
| Order, 5/8/15 Order Point 38 | CCOSS. 38. In its next rate case the Company's class-cost-of-service study shall include an explanatory filing identifying and describing each allocation method used in the study and detailing the reasons for concluding that each allocation method is appropriate and superior to other allocation methods considered by the Company, whether those methods are based on the Manual of the National Association of Regulatory Utility Commissioners or the Company's specific system requirements, its experience, and its engineering and operating characteristics. The Company shall also explain its reasoning in cases in which it did not consider alternative methods of allocation or classification. | Michael A. Peppin, Exhibit____(MAP-1), Vol. 2E, Schedule 2, Appendix 2 and 3 (CCOSS). |
| Order, 5/8/15 Order Point 39 | Minimum System Study. 39. In its next rate case, Xcel shall provide parties with data sufficient to verify and reproduce its minimum-system study and shall file a zero-intercept analysis of distribution costs, or explain why it was not able to collect the data necessary to do so. | Michael A. Peppin, Exhibit____(MAP-1), Vol. 2E, pages 32-43 and Schedule 10 (CCOSS). |