

Direct Testimony and Schedules
Amy A. Liberkowski

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 Natural Gas Service in Minnesota

Docket No. G002/GR-23-413
Exhibit____(AAL-1)

Policy

November 1, 2023

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1 **I. INTRODUCTION**

2

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

4 A. My name is Amy A. Liberkowski. I am Regional Vice President for Regulatory
5 and Pricing for Northern States Power Company – Minnesota (NSPM or the
6 Company), d/b/a Xcel Energy. In this role, I am responsible for state regulatory
7 filings with the utility commissions in Minnesota, North Dakota, and South
8 Dakota, including proceedings related to rates, cost recovery riders, and
9 voluntary customer rate offerings.

10

11 Q. PLEASE SUMMARIZE YOUR QUALIFICATIONS AND EXPERIENCE.

12 A. I joined Xcel Energy in 1991 and have held various positions in the Company,
13 including in the Company's Regulatory and Finance business areas, prior to
14 serving as Director of Regulatory Pricing and Analysis for six years, and then
15 moving to my current role in May 2022. I have earned a Master of Business
16 Administration and a Bachelor of Arts in Finance from the University of St.
17 Thomas. Exhibit ____ (AAL-1), Schedule 1 summarizes my qualifications.

18

19 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

20 A. I am the Company's policy witness in this proceeding, and, in that role, I present
21 the Company's overall case to the Minnesota Public Utilities Commission (the
22 Commission). To support the Company's request and inform the Commission's
23 decision in this docket, I discuss the context and drivers of this rate case and
24 explain how the Company's proposals are needed to facilitate our continued
25 commitment to provide the safe and reliable gas service that our customers and
26 communities depend on. More specifically:

- I discuss our Minnesota gas business, briefly describe the operational characteristics of our gas service, discuss our commitment to customers and our communities, and outline our strategic priorities.
- I provide an overview of the Company's rate request, which is primarily driven by new capital investments since our last rate case, and discuss the need for a general natural gas rate increase at this time.
- I provide an overview of the framework of the Company's filing, introduce the Company's witnesses providing supporting Direct Testimony, and introduce our completeness matrix.

Overall, my Direct Testimony describes the Company's ongoing work since our last rate case, which was filed in 2021 (Docket No. G002/GR-21-678), and explains how this rate proposal will support the Company's ability to provide safe and reliable gas service going forward.

Q. PLEASE GENERALLY DESCRIBE THE COMPANY'S RATE REQUEST IN THIS PROCEEDING.

A. The Company is requesting to set base rate revenue for NSPM's gas operations using a calendar test year consisting of the twelve months ending December 31, 2024. The Company developed the test year using budgeted capital additions and budgeted operations and maintenance (O&M) expenses. Also included in the proposal are impacts to other rate base items, sales adjustments, and other adjustments impacting the revenue requirements for the test year so that the test year represents a cost-of-service approach to rate-setting for both capital and O&M.

As presented later in my Direct Testimony, the Company's total revenue requirement for its Minnesota gas operations is \$676.83 million and, when compared to our present revenue of \$617.81 million, results in a base rate revenue deficiency, excluding rider roll-ins, of approximately \$59.03 million for the 2024 test year. The test year revenue deficiency amount represents a 9.6 percent overall increase in retail revenues from base rates compared to projected 2024 retail revenues at present rates. The Company's revenue requirement and revenue deficiency are discussed in more depth in the Direct Testimony of Company witness Benjamin C. Halama.

As part of our request, we also propose rolling certain projects currently recovered through the Gas Utility Infrastructure Cost Rider (GUIC) and expenses related to the Conservation Improvement Program Rider (CIP) into base rates. While this rider roll-in does not impact the total bills paid by our customers, it increases the base rate increase request for 2024 by \$23.04 million, as shown in Table 1 below.

Table 1
Test Year Revenue Deficiency
(\$ in Millions, rounded)

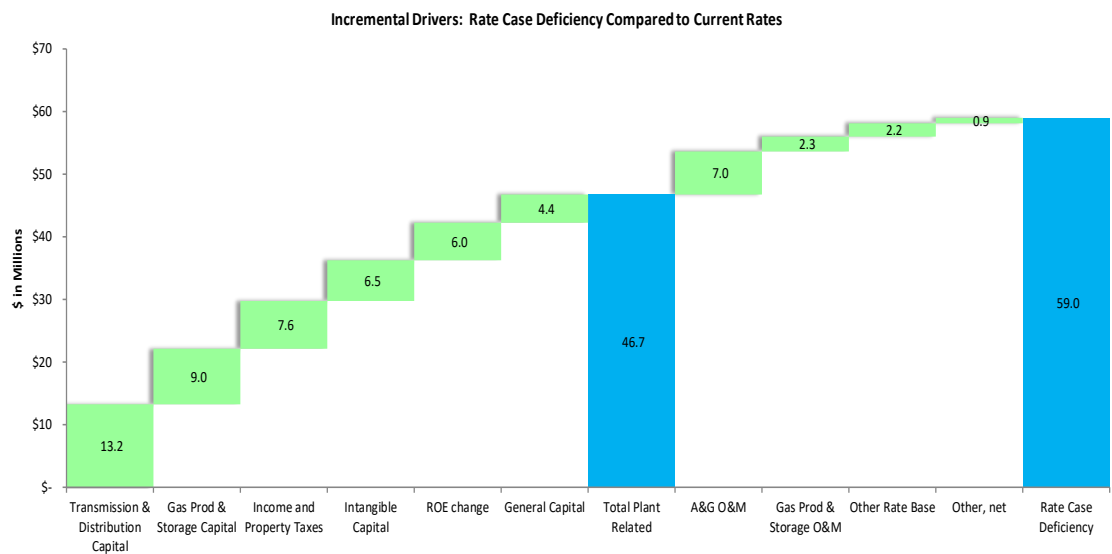
	2024
Net Incremental Deficiency	\$59.0
Net Percent Rate Increase	9.6%
<u>Rider Roll-In</u>	<u>\$23.0</u>
Total Base Increase Request	<u>\$82.1</u>

The revenue deficiency is based on a 10.20 percent return on equity (ROE), as recommended by Company witness Joshua C. Nowak.

Q. WHY IS THIS RATE CASE NECESSARY?

A. There are a few key reasons why this rate case is necessary at this time. Overall, exclusive of cost recovery through the GUIC Rider, the Company's current base rates reflect the cost of providing service to customers in 2022. This proceeding presents 2024 updates to our cost of service to incorporate changes in capital additions and operating expenses, with capital investments serving as the main driver of this filing. Figure 1 below illustrates these case drivers net of the GUIC roll-in:

Figure 1



The primary drivers of this rate case are increases in capital and capital-related costs (such as taxes) since our last case. The largest drivers are a number of major capital projects that the Company is placing in service and which are not eligible for GUIC recovery, including:

- Investments in fire safety systems at our gas peaking plants, which provide diversity to the Company's capacity (and, increasingly, supply) portfolio to ensure the continued safe and reliable operation of these plants in support of our overall natural gas system.

- Investments in transmission and distribution infrastructure, such as major meter projects involving meter module replacement, or meter relocation so that Company employees can more safely access and service customer meters;
- Fleet and service center projects, including replacements, repairs, and upgrades, to ensure efficient infrastructure and travel to customer sites; and
- Various information technology (IT) investments that allow the Company to provide updated customer service offerings and ensure both customers and employees have access to reliable technology pathways.

These projects are described in greater detail by other Company witnesses as I note later in my Direct Testimony.

In addition, many of these investments are also driving increases in property taxes, which are a function of the Company's property and income and in turn have continued to grow since the Company's last gas rate case.

We have also incurred substantial increased O&M costs with respect to our Damage Prevention Program (relating to gas locates through the Gopher State One Call underground infrastructure locations program). The Company has also experienced increased capital and O&M costs due to historically high inflation, increasing interest rates, and global supply chain disruptions. Employee service costs have also increased due to a number of factors, including renegotiated labor agreements, which have increased wages and benefits for the Company's employees and contractors.

1 Q. WHAT IS THE RELATIONSHIP BETWEEN THE GUIC AND THE NEED FOR THIS
2 RATE CASE?

3 A. GUIC cost recovery has been helpful in enabling the Company to recover
4 certain capital and O&M investments related to our transmission and
5 distribution integrity investments and mandated relocations and, combined with
6 rising sales, previously enabled the Company to avoid rate cases for more than
7 a decade. However, the GUIC does not apply to the drivers of this case, such
8 as transmission and distribution projects focused on reliability and connecting
9 customers, peaking plant safety systems, meter programs, fleet, service center,
10 and technology investments, and broader labor cost increases. Accordingly, a
11 base rate increase is needed to recover the costs of these investments.
12

13 Q. WHAT IS THE COMPANY'S PROPOSED AVERAGE BILL INCREASE FOR
14 RESIDENTIAL CUSTOMERS AS A RESULT OF THESE RATE REQUESTS?

15 A. The Company anticipates a \$6.93 total bill increase per month from this case
16 for the average residential customer, which reflects the rising cost of providing
17 gas service since the last case. Overall, this rate request will assist the Company
18 with achieving the strategic priorities we have developed to continually enhance
19 our service to our customers, which I describe in the next section of my Direct
20 Testimony.
21

22 Q. IS THE COMPANY'S RATE CASE FILING CONSISTENT WITH EVOLVING PUBLIC
23 POLICY AROUND THE NATURAL GAS BUSINESS?

24 A. Yes. As I describe later in my Direct Testimony, the Company's investments in
25 the natural gas system have kept it resilient, safe, and reliable, while providing
26 value to our customers. Natural gas is currently the most economic fuel for
27 heating homes and businesses, and more than 63 percent of the homes in

1 Minnesota rely on natural gas for heating.¹ Our customers also depend on
2 natural gas for heating their water, cooking their meals, and drying their clothes,
3 as well as supporting commercial and industrial economic activities in the state.
4 Our investments in the gas system driving this case are critical to providing these
5 necessary services.

6
7 We also recognize that much more must be done to reduce methane emissions.
8 To that end, we announced a Net-Zero Vision for Natural Gas across Xcel
9 Energy in 2021 and are beginning implementation of that Net-Zero Vision, as
10 described in more detail by Company witness Jeff R. Lyng. While this Minnesota
11 gas rate case is largely focused on fundamental past and near-term safety and
12 reliability investments in the gas business, our Net-Zero Vision and related
13 strategies to achieve the State's clean energy goals over the coming decades will
14 bring the gas system further into the future, cementing Xcel Energy as a leader
15 in not only the electric but also the gas clean energy transition.

16
17 Q. HOW HAVE YOU ORGANIZED THE REMAINDER OF YOUR TESTIMONY?

18 A. The remainder of my testimony is organized into the following sections:

19 *II. Overview of NSPM and Its Gas Business*

20 *III. The Company's Rate Case Filing*

21 *IV. Conclusion*
22

¹ Center for Energy and the Environment, "Decarbonizing Minnesota's Natural Gas End Users" July 2021, Exec Summary, p. 1 <https://e21initiative.org/wp-content/uploads/2021/07/Decarbonizing-NG-End-Uses-Stakeholder-Process-Summary.pdf>.

1 **II. OVERVIEW OF NSPM AND ITS GAS BUSINESS**

2

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

4 A. In this section of my testimony, I provide an overview of Xcel Energy Inc. (Xcel
5 Energy) and provide an overview of NSPM, including customer characteristics
6 and information specific to our natural gas business. Company witness Alicia E.
7 Berger provides additional information specific to our natural gas business,
8 including detail on our natural gas operational priorities. I also discuss Xcel
9 Energy's overall strategic priorities, and how these relate to this rate case filing.

10

11 **A. Summary of the Gas Business**

12 Q. PLEASE PROVIDE AN OVERVIEW OF XCEL ENERGY.

13 A. Xcel Energy is the parent holding company of four utility operating companies:
14 NSPM; Northern States Power Company, a Wisconsin corporation; Public
15 Service Company of Colorado, a Colorado corporation; and Southwestern
16 Public Service Company, a New Mexico corporation. In total, through its four
17 utility operating companies, Xcel Energy provides retail service in portions of
18 eight states: Minnesota, North Dakota, South Dakota, Michigan, Wisconsin,
19 Colorado, Texas, and New Mexico. For many years now, the core utility
20 business has represented the vast majority of Xcel Energy's total operating
21 revenue. Xcel Energy has achieved efficiencies among the operations of its
22 utility subsidiaries through Xcel Energy Services Inc. (XES), which is a
23 centralized services company that provides and coordinates services and
24 activities across Xcel Energy's four utility operating companies on an "at-cost"
25 basis.

1 Q. PLEASE DESCRIBE NSPM.

2 A. NSPM is the Xcel Energy utility operating company serving Minnesota, North
3 Dakota, and South Dakota. It was founded more than 100 years ago and has
4 provided gas and electric services to Minnesota customers throughout that
5 period. NSPM consists of both gas and electric utility businesses, with the gas
6 business including both sales and transportation services to communities in
7 Minnesota and North Dakota.

8
9 Q. PLEASE GENERALLY DESCRIBE NSPM'S NATURAL GAS BUSINESS.

10 A. NSPM's natural gas business serves a total of approximately 556,000 customers,
11 with approximately 491,000 located in Minnesota and 65,000 in North Dakota.
12 The Company operates facilities in 33 of the 87 counties within Minnesota, and
13 provides natural gas service to residential, commercial, and industrial customers,
14 as well as to gas-fired electric generation facilities.

15
16 Our gas system in Minnesota includes approximately 9,700 miles of distribution
17 mains and 66.4 miles of transmission pipeline, over 491,000 meters, as well as
18 compressor stations, valves, regulator stations, and other infrastructure. As part
19 of the overall diversity of our system, we also own and operate the Wescott
20 Liquid Natural Gas (LNG) Plant and the Sibley and Maplewood Propane Air
21 facilities.

22
23 Overall, our system is designed, operated, and maintained to provide safe,
24 reliable, and economical natural gas service to our customers.

1 Q. WHAT GENERAL CATEGORIES OF SERVICE DOES NSPM PROVIDE TO ITS
2 NATURAL GAS CUSTOMERS IN MINNESOTA?

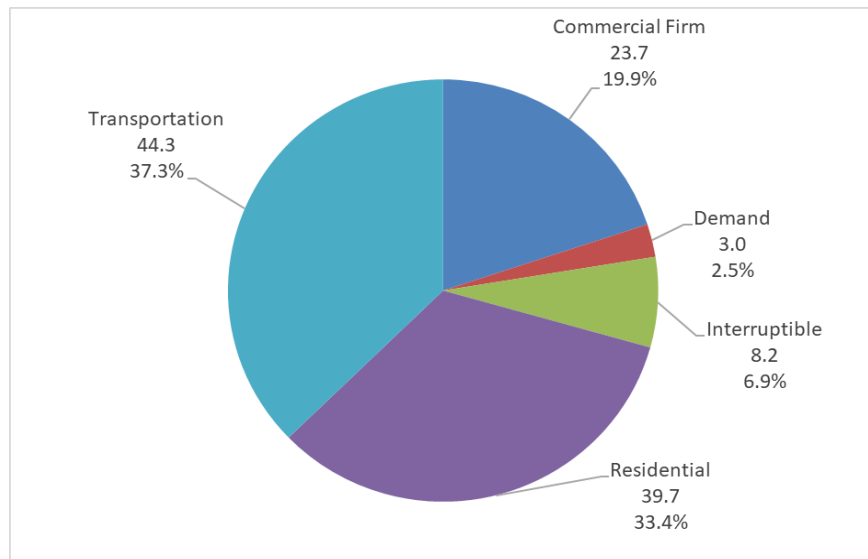
3 A. The Company provides sales service and transportation service. Customers,
4 whether sales or transportation, can take either firm or interruptible service.
5 Firm service is typically not subject to curtailment and is priced to include the
6 costs of providing this reliability. Service to customers taking interruptible
7 service can be curtailed as needed to maintain system reliability. The vast
8 majority of the Company's customers take firm, bundled sales service. Company
9 witness Berger describes the Company's regulated natural gas services in more
10 depth in her Direct Testimony.

11
12 Q. PLEASE GENERALLY DESCRIBE THE CUSTOMER BASE FOR NSPM'S GAS
13 BUSINESS.

14 A. NSPM's natural gas customer base is composed of residential customers, small
15 and large commercial customers, and customers using interruptible natural gas
16 service. Commercial customers may purchase their natural gas directly from
17 NSPM (gas sales) or may elect to secure their supply of natural gas from a third
18 party and use our system to transport the commodity from the receipt point to
19 the delivery point (transport).

20
21 Residential customers are the largest group of customers in NSPM's natural gas
22 system, accounting for over 92 percent of total customers in the test year. As
23 illustrated in Figure 2 below, Residential usage also accounts for approximately
24 33 percent of total gas volumes. Commercial gas sales account for over 22
25 percent of total usage, while Interruptible gas sales account for just under seven
26 percent of total usage. Transportation customers account for approximately 37
27 percent of total usage.

Figure 2
Gas Throughput (millions of Dth)



Q. HOW DOES NSPM SUPPORT THE COMMUNITIES IT SERVES?

A. In addition to providing a necessary service to our customers, Xcel Energy supports our communities and Minnesota's economy through local spending, taxes, and community involvement. Last year, we spent more than \$662 million with Minnesota suppliers, including \$72 million with diverse suppliers. As the largest property taxpayer in the state, we paid approximately \$200 million in property taxes last year. As one of the state's largest employers, we provide good jobs for more than 5,700 Minnesotans.

In addition, the Company is committed to the communities in which we operate – a commitment shared by our employees. In 2022, our dedicated employees, retirees, and customers found creative, safe ways to volunteer and give back to our communities, volunteering more than 30,000 hours to support 350 nonprofits and donating close to \$1.5 million throughout the year. A key part of the Company's commitment to our communities also involves building an

1 environment of inclusion, diversity, and equity in our company and community,
2 as discussed by Company witness Michael P. Deselich.

3
4 Q. PLEASE PROVIDE AN OVERVIEW OF NSPM'S APPROACH TO DIVERSITY AND
5 INCLUSION IN ITS WORKFORCE.

6 A. Diversity, Equity, and Inclusion (DEI) is a core commitment at Xcel Energy,
7 and our dedication to enhancing DEI in our company and community has
8 strengthened over the events of the last two years. We have included DEI on
9 our Corporate Scorecard, added programs for sponsoring and mentoring a
10 variety of diverse, high-potential employees, and enhanced the focus on
11 diversity in recruiting, hiring, and retention efforts. We also have a wide variety
12 of resource groups within the Company and partner with outside groups to
13 support our employees, stand united against racism, and eliminate inequity and
14 bias in our communities. Company witness Deselich discusses these important
15 efforts in more detail in his Direct Testimony.

16
17 **B. The Company's Strategic Priorities**

18 Q. WHAT ARE XCEL ENERGY'S STRATEGIC PRIORITIES?

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

23 (1) to lead the clean energy transition;

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

25 (3) to support customer affordability.
26

1 My testimony will discuss how these three strategic priorities will shape our
2 work on the gas side of our business and how that work is reflected in this rate
3 request. Of course, as we focus on these priorities, we will continue to work to
4 maintain and improve our record of excellent safety and reliability, provide a
5 safe work environment that sends each and every employee home injury-free,
6 and support our workforce and the communities in which we operate.

7
8 Q. HOW DOES THE COMPANY ENGAGE WITH STAKEHOLDERS AND REGULATORS
9 WITH RESPECT TO THE GAS BUSINESS?

10 A. The Company participates in a variety of stakeholder processes, both as part of
11 formal discussions regarding reduced natural gas emissions, as described by
12 Company witness Lyng, and in coordination with the stakeholders of our
13 various customer service offerings and programs. We continually conduct
14 outreach to individual stakeholders and groups to ensure engagement and
15 feedback from a wide array of perspectives. Broad stakeholder engagement will
16 continue to play a critical role in our ongoing work to enhance our services and
17 product.

18
19 Additionally, the work ahead requires the continued support of our regulators.
20 The Company will be competing for capital with others inside and outside of
21 Xcel Energy, so it is crucial to maintain the sound financial footing provided by
22 a supportive regulatory construct that provides for reasonable recovery of and
23 return on our prudent investments and costs. Our proposal in this case ensures
24 that sound footing, while also providing just and reasonable rates for our
25 customers.

1 1. *Leading the Clean Energy Transition*

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

4 A. NSPM has been a leader in renewable energy for many years, and we have long
5 been committed to meeting our customers' increasing demands for cleaner
6 energy sources. As a leader in the clean energy transition, NSPM is committed
7 to supporting a clean energy future in many ways, including by:

- 8 • Promoting customer conservation and energy efficiency in both the
9 electric and gas businesses;
- 10 • Reducing natural gas emissions from our pipelines and our customers'
11 homes and businesses;
- 12 • Advancing beneficial electrification; and
- 13 • Focusing on emerging clean energy options like renewable natural gas
14 and producing hydrogen from renewable energy and nuclear facilities.

15
16 Additionally, our ability to supply natural gas to electric generation facilities
17 supports the transition away from coal to lower emission and renewable
18 resources.

19
20 Q. HOW DOES THE INTERPLAY BETWEEN THE COMPANY'S ELECTRIC AND
21 NATURAL GAS BUSINESSES HELP NSPM DRIVE THE CLEAN ENERGY
22 TRANSITION?

23 A. It is not unusual for the electric side of the business to be higher profile with
24 respect to leading the clean energy transition. Electric generation technologies,
25 such as wind, solar, and hydropower, are more obvious means of reducing
26 greenhouse gas emissions and are generally done on a larger scale given the size
27 and scope of NSPM's overall customer base.

1
2 That said, Xcel Energy, as the only combined gas and electric utility in the State
3 of Minnesota, also has a number of strategies for reducing greenhouse gas
4 emissions across the natural gas supply chain. As a result, NSPM is uniquely
5 positioned to utilize both sides of our business to promote beneficial
6 electrification and advance the Company's clean energy goals.

7
8 Q. CAN YOU PROVIDE ADDITIONAL INFORMATION REGARDING XCEL ENERGY'S
9 VISION FOR NATURAL GAS?

10 A. Yes. As described in more detail by Company witness Lyng, the Company rolled
11 out its Net-Zero Vision for Natural Gas in November 2021. The Net-Zero
12 Vision focuses on achieving a 25 percent reduction in greenhouse gas emissions
13 from the natural gas system by 2030 and sets a goal of net-zero emissions by
14 2050. This goal envisions changes across the natural gas supply chain by 2030,
15 including exclusively purchasing certified natural gas for gas distribution and
16 power generation, and net-zero methane emissions from our own distribution
17 system. Company witness Lyng outlines our Net-Zero Vision in more detail in
18 his Direct Testimony.

19
20 Q. HAS THE NET-ZERO VISION BEEN INFLUENCED BY ANY LEGISLATION OR
21 POLICY DEVELOPMENTS?

22 A. Yes. As I mentioned earlier, the NGIA and ECO Act have influenced the
23 Company's clean energy transition and implementation of its Net-Zero Vision
24 moving forward. Additionally, the Commission has established several dockets
25 related to the State's clean energy transition that continue to guide the
26 Company's clean energy policy. The Commission established Docket No. G-
27 999/CI-21-566 to consider required frameworks and considerations for future

1 NGIA plans, and has issued an Order Establishing Frameworks for
2 Implementing Minnesota’s Natural Gas Innovation Act, which provides
3 direction and guidance on the filing of NGIA plans.² The Commission also
4 established Docket No. G999/CI-21-565—sometimes referred to as the
5 “Future of Gas” docket—to “evaluate changes to natural gas utility regulatory
6 and policy structures needed to meet or exceed Minnesota’s greenhouse gas
7 emissions reductions policy.”³ As described in further detail by Company
8 witness Lyng, this docket dovetails with Commission planning for the
9 development of gas integrated resource plans (IRPs) in Docket No.
10 G008,G002,G011/CI-23-117.⁴

11
12 In response to this leadership from the legislature and Commission, the
13 Company plans to develop and implement innovative solutions to reduce the
14 environmental impact of gas consumption and achieve our Net-Zero Vision.
15 To this end, later this year the Company plans to submit a broad portfolio of
16 projects that deploy the types of resources supported by NGIA. We anticipate
17 this portfolio will enable us to learn how to best implement, scale, and adopt
18 new technologies that support both our customers and our Net-Zero Vision
19 plans in the long-term.
20

² *In the Matter of Establishing Frameworks to Compare Lifecycle Greenhouse Gas Emission Intensities of Various Resources, and to Measure Cost Effectiveness of Individual Resources and of Overall Innovation Plans*, ORDER ESTABLISHING FRAMEWORKS FOR IMPLEMENTING MINNESOTA’S NATURAL GAS INNOVATION ACT, DOCKET NO. G-999/CI-21-566 (June 1, 2022).

³ *In the Matter of the Commission Evaluation of Changes to Natural Gas Utility Regulatory and Policy Structures to Meet State Greenhouse Gas Reduction Goals*, NOTICE OF NEW DOCKET, Docket No. G-999/CI-21-565 (July 23, 2021) (*Future of Gas*).

⁴ *Future of Gas*, NOTICE OF STAKEHOLDER ENGAGEMENT TIMELINE AND DOCKET PROCESS (April 11, 2023).

1 Q. DOES THE NET-ZERO VISION FOR GAS OR THE DOCKETS DESCRIBED ABOVE
2 HAVE A DIRECT IMPACT ON THIS RATE CASE FILING?

3 A. No. This rate case is ultimately about the current costs needed to ensure the
4 reliability and safety of the gas system. Most of the incremental costs in the case
5 relate to system investments made in the last two years and in the near-term
6 future. While these costs include some of the activities we have already
7 undertaken to reduce emissions this case does not request recovery of costs
8 specific to our Net-Zero Vision, our longer-term emissions reduction strategies,
9 or the dockets described above. Additionally, those dockets provide space to
10 discuss deeper policy issues associated with the future of natural gas and the
11 clean energy transition, and this case does not aim to center on those
12 discussions.

13
14 That said, our investments in this rate case are consistent with the future we
15 envision, as they are helping to make our gas system even safer, more resilient
16 and ready to support new heating technologies. They are also helping to keep
17 natural gas in the pipes where it belongs, reducing and avoiding methane
18 emissions consistent with a key function of our natural gas business. We discuss
19 our Net-Zero Vision in this case because it is important to be clear that our
20 investments now are consistent with this future, even as more work is required
21 to achieve it.

22
23 2. *Enhancing the Customer Experience*

24 Q. HOW HAS THE NSPM GAS BUSINESS PERFORMED WITH RESPECT TO OVERALL
25 CUSTOMER SATISFACTION?

26 A. The Company is committed every day to exceeding our customers' expectations
27 in how we provide natural gas service. According to customer satisfaction

1 metrics, approximately 80 percent of the Company's responding natural gas
2 customers in Minnesota in recent years provided a positive rating for the
3 Company. Company witness Nora C. Lindgren provides further support for
4 and information about our Customer Care efforts and customer satisfaction
5 metrics in her Direct Testimony.

6
7 Q. IS THE COMPANY TAKING STEPS TO FURTHER ENHANCE CUSTOMERS'
8 SATISFACTION WITH THEIR UTILITY AND GAS SERVICE?

9 A. Yes. A key part of our overall customer service is ensuring safe, reliable service.
10 Our distribution integrity management program (DIMP) and associated
11 investments as part of the GUIC are serving that purpose every day. Our
12 customers' satisfaction also depends on our prompt response to requests for
13 new connections, underground locates in response to calls to the Gopher State
14 One Call line, and gas emergencies. Company witness Berger describes our
15 efforts to increase our work and improve our responsiveness in each of these
16 areas in her Direct Testimony.

17
18 In addition, our customers are increasingly interested in evolving technologies,
19 such as applications that give customers insight into their bills and usage,
20 improved communications, and greater control over their usage. The Company
21 has been investing in technologies to improve the customer experience through
22 its Customer Experience Transformation (CXT) program, a multi-year effort
23 that focuses on utilizing more modern technologies that enhance customers'
24 experience with the Company. Company witness Michael O. Remington
25 discusses the CXT program in greater detail in his Direct Testimony.

1 The Company has also increased customer outreach for products and services
2 that might assist customers in managing and affording their gas bills. These
3 offerings include flexible payment options that allow customers to customize
4 their billing and payment experiences to meet their specific needs. As Company
5 witness Lindgren discusses in her Direct Testimony, this outreach has resulted
6 in increased enrollment in our various programs and is intended to improve
7 customers' overall experience with the Company.

8
9 Q. HOW DO THE COMPANY'S EFFORTS TO ENHANCE THE CUSTOMER EXPERIENCE
10 IMPACT THIS FILING?

11 A. Each of these efforts requires both a financial (capital or O&M) and human
12 investment to repair the pipe, make the connection, locate the service lateral, or
13 update the customer application or interface. The costs of maintaining and
14 enhancing customer satisfaction are reflected throughout our rate request,
15 demonstrating that we are focusing our investments on our customers and their
16 experience with the Company.

17
18 *3. Support Customer Affordability*

19 Q. HOW DOES THE COMPANY'S THIRD STRATEGIC PRIORITY – SUPPORTING
20 CUSTOMER AFFORDABILITY – RELATE TO YOUR OVERARCHING VISION AND
21 OTHER PRIORITIES?

22 A. Our overall goal as an energy service company is to succeed in remaining our
23 customers' trusted and preferred provider. This requires that we make the
24 investments necessary to provide this service safely and reliably, including in a
25 rising cost environment, while supporting those customers who may need
26 assistance with their energy bills.

1 Q. TO WHAT EXTENT DO AFFORDABILITY ISSUES GENERALLY AFFECT THE
2 COMPANY'S GAS CUSTOMERS?

3 A. Affordability issues affect the Company's gas customers in different ways.
4 Currently, approximately five percent of the Company's Minnesota residential
5 gas customers receive assistance for their gas bills. However, the Company
6 estimates that approximately 20 to 25 percent of its gas customer base would
7 qualify for assistance based on their household income. Therefore, the
8 Company has increased its outreach to customers who may be eligible to
9 participate in various affordability programs, as I discuss in more detail below.
10 The result is that the Company successfully targets its efforts toward those
11 customers that are experiencing challenges with their ability to pay their natural
12 gas bills and provides the appropriate information and programming to support
13 those customers' needs.

14
15 Q. WITH RESPECT TO THE COST SIDE OF THE AFFORDABILITY EQUATION, ARE
16 THERE SPECIFIC ACTIONS THE COMPANY IS TAKING TO KEEP RATES LOW FOR
17 ITS CUSTOMERS?

18 A. Yes, and these efforts are reflected throughout the witness testimony in this
19 case. The Company recognizes that controlling our costs and maintaining
20 efficient operations is beneficial to our customers, regardless of whether
21 individual customers could afford to pay more for their service. Across the
22 enterprise, the Company maintains this focus on keeping rates low. For
23 example, we work carefully to contain costs and manage to overall reasonable
24 budget levels, as discussed by Company witnesses including Christopher R.
25 Haworth, Nora C. Lindgren, Alicia E. Berger, Michael O. Remington, and
26 Michael P. Deselich.

1 Our business area witnesses describe how we responsibly invest in our core and
2 supporting assets with an eye to the future and keeping rates low. We are also
3 attentive to employee costs, even as we work to support and retain our
4 workforce. For example, as discussed in Company witness Deselich's Direct
5 Testimony, the Company has undertaken an array of initiatives to help mitigate
6 healthcare costs. These initiatives include the use of a high deductible health
7 plan (HDHP) for all bargaining and non-bargaining employees; a mandate that
8 generic prescriptions be used when available, unless there is a medical need; and
9 telemedicine and virtual visit option offerings for more routine healthcare visits.
10 These initiatives have kept overall employee contributions to health and welfare
11 benefits low, to the benefit of our customers. And as discussed in Company
12 witness Richard R. Schrubbe's Direct Testimony, pension plan design changes
13 implemented in past years have reduced benefit levels for certain employees,
14 reducing costs to our customers.

15
16 On the financial side of the business, as Company witness Paul A. Johnson
17 discusses the efforts we have made to maintain a strong credit rating reduces
18 our cost of capital, leading to lower customer bills for the long term.

19
20 Q. CAN YOU ALSO PROVIDE AN OVERVIEW OF THE SERVICES THE COMPANY
21 PROVIDES WHEN CUSTOMERS EXPERIENCE AFFORDABILITY CONSTRAINTS?

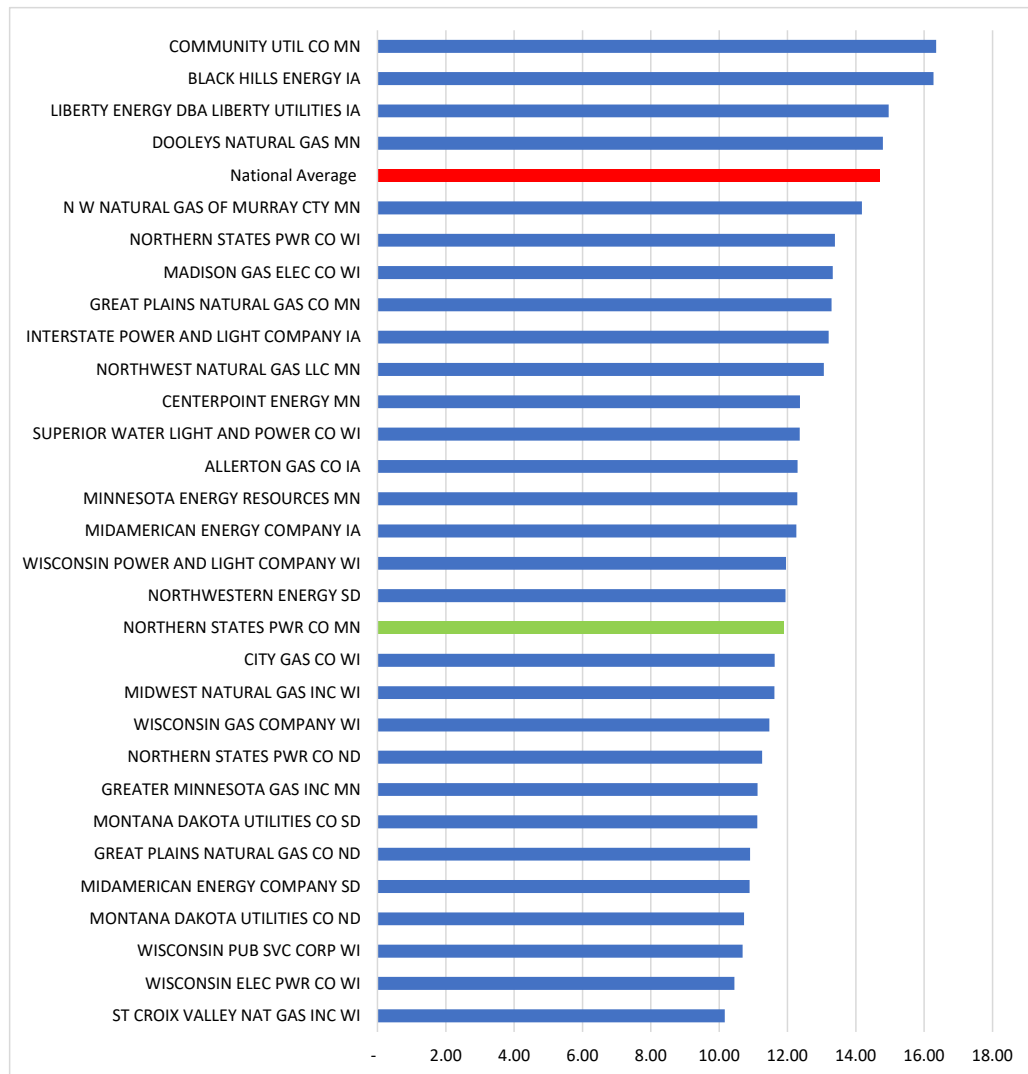
22 A. Yes. As discussed by Company witness Lindgren, the Company offers and
23 supports a number of affordability initiatives for our customers, whether or not
24 those customers qualify for income-based assistance. Income-qualified
25 programs include our Gas Affordability Program (GAP), the Energy Assistance
26 Program (EAP) in Minnesota funded by Low Income Home Energy Assistance
27 Program (LIHEAP). We also offer flexible payment plans, budget billing, and

1 ability to set a custom monthly due date for bills. The Company uses data from
2 various sources to determine customer propensity and eligibility to enroll in our
3 available programs and makes appropriate outreach to those customers to
4 encourage participation. This outreach has resulted in noticeable increases in
5 participation in income-qualified financial assistance programs when reviewing
6 calendar year periods and supports our low-income and energy-insecure
7 customers in knowing their options and better affording their gas service.

8
9 Q. WHAT HAS BEEN THE RESULT OF THESE EFFORTS YOU DESCRIBE ABOVE?

10 A. First, as I note above, customer participation in energy assistance programs has
11 increased in recent years. This coincides with the increased efforts by the
12 Company to make our customers aware of the programs available to them.
13 Second, NSPM's natural gas rates are well below the national average, and at
14 the low end of rates for all investor-owned gas utilities in the Upper Midwest.
15 Figure 3 below illustrates these rate comparisons based on 2022 data from the
16 American Gas Association (AGA):

Figure 3
Residential Average Rates For Natural Gas Service
IOUs – MN, ND, SD, WI, IA



Q. CAN YOU PROVIDE ADDITIONAL CONTEXT FOR THIS COMPARISON?

A. Yes. In addition to the regional data above, based on 2022 data from AGA the Company's average rate for natural gas service was 13.8 percent below the national average, and for Residential customers, the average rate was more than 19 percent below the national average. Even with our rate increase request for 2024, the Residential average rate is still more than 10 percent below the 2022

1 national average. As a result, we are providing low rates to customers even as
2 we invest in our infrastructure and continually enhance the services we provide.

3
4 **C. Key Events since NSPM's Last Gas Rate Case**

5 Q. PLEASE SUMMARIZE THE COMPANY'S LAST NATURAL GAS RATE CASE BEFORE
6 THE COMMISSION.

7 A. On November 1, 2021, NSPM filed a request for a general increase in the
8 Company's natural gas rates in Docket No. G002/GR-21-678. On October 4,
9 2022, NSPM, along with all other parties to the case, filed a comprehensive and
10 unanimous Settlement Agreement settling all issues in the case. The
11 administrative law judge (ALJ) assigned to the case recommended on December
12 20, 2022 that the Commission approve the Settlement Agreement as filed.
13 Thereafter, in its April 13, 2023 Order Accepting Agreement Setting Rates and
14 Updating Base Cost of Gas filed in the same docket, the Commission accepted
15 the Settlement Agreement in full and the associated increase in Minnesota
16 jurisdictional revenues for the test year ending December 31, 2022.

17
18 Q. HOW HAS THE COMPANY'S NATURAL GAS SALES CHANGED IN RECENT YEARS?

19 A. In general, the Company has experienced average annual customer growth of
20 approximately 1.1 percent over the past five years, driven primarily by average
21 residential customer growth over that same period of 1.1 percent. Currently, 92
22 percent of our customers are residential, and eight percent are commercial or
23 industrial. Residential sales, in turn, have contributed to growth in total gas
24 Retail sales from 2017 to 2022. Changes in sales revenue are neither a major
25 driver nor major offset of costs in this case. Company witness John M.
26 Goodenough provides additional information regarding our sales history in his
27 Direct Testimony in this proceeding.

1
2 Q. IS THE COMPANY OFFERING ANY PROPOSALS IN THIS PROCEEDING TO MANAGE
3 THROUGH CHANGING NATURAL GAS SALES?

4 A. Yes. Company witness Christopher J. Barthol describes the Company's
5 proposal to extend our gas Revenue Decoupling Mechanism (RDM) Rider,
6 which is a rate adjustment mechanism that trues up the revenues received by a
7 utility to the authorized test year revenue requirement set by the Commission
8 in a rate case. As part of the Company's last gas rate case, the parties agreed on,
9 and the Commission approved, an RDM, and that mechanism has worked as
10 expected by removing some of the disincentive to promote customer energy
11 conservation and truing-up all sales revenues such that customers may
12 experience refunds. The Company proposes to continue the approved RDM in
13 this case, and to include Transportation, Small Demand, and Large Interruptible
14 classes.

15
16 Q. ARE THERE ANY INDUSTRY TRENDS OR DEVELOPMENTS THAT HAVE IMPACTED
17 THE COMPANY SINCE ITS LAST RATE CASE?

18 A. Yes. As Company witness Berger explains in her Direct Testimony, a number
19 of pipeline and fire safety regulations and rulemakings have continued to be
20 developed over the last couple of years. These new and proposed rules, along
21 with their predecessor regulations and the overall need to protect public safety,
22 will continue to affect the Company's distribution assets and natural gas
23 business and operations at large, requiring ongoing investments in safety and
24 reliability of our natural gas system. Many of the costs resulting from these laws
25 and regulations are addressed through the GUIC; however, they further
26 highlight the importance of overall safety investments in the gas system.
27 Further, some regulations – such as fire safety regulations affecting our gas

1 peaking plants – are driving costs in this case that are not within the scope of
2 the GUIC.

3
4 The industry also has been working toward reduction of methane emissions and
5 incorporation of other renewable gas sources. Company witness Lyng discusses
6 the Company's Net-Zero Vision for Natural Gas and associated emission
7 reduction efforts related to these industry changes.

8
9 Finally, the Inflation Reduction Act of 2022 (IRA) was enacted in late 2022, and
10 since then, the Company has continually assessed the benefits it can realize
11 under the law on behalf of customers. In its September 12, 2023 Order in
12 Docket No. E,G999/CI-22-624, the Commission required Minnesota utilities,
13 when filing future rate cases, to discuss how they plan to capture and maximize
14 the benefits of the IRA to ensure customer rates remain reasonable. Company
15 witness Halama addresses how the Company is working to capture and
16 maximize these benefits on behalf of customers in his Direct Testimony.

17
18 Q. HAS THE COMPANY'S GAS ORGANIZATIONAL STRUCTURE CHANGED SINCE ITS
19 LAST GAS RATE CASE WAS FILED?

20 A. In part, yes. Since the last gas rate case, the Company has added a business area
21 called Integrated Systems Planning (ISP) to its Shared Corporate Services
22 organization. ISP takes on the Resource Planning function and will ultimately
23 be responsible for the long-term strategic planning for Xcel Energy's operations
24 areas. ISP functions affect all aspects of Xcel Energy's operations, including
25 those of its gas business, and thereby create a cohesive, efficient group to
26 coordinate all aspects of utility planning.

1 Q. HAVE THERE BEEN CHANGES TO THE COMPANY'S GAS SYSTEM SINCE NSPM'S
2 LAST RATE CASE?

3 A. Since the last rate case, there have not been any major changes to the Company's
4 natural gas system, although the Company added 4,059 gas services and
5 approximately 124 miles of distribution main in 2022. However, as I mention
6 above, there have been changes in both the regulatory landscape and continued
7 improvements to our system reliability and safety. Company witness Berger also
8 discusses these changes in her Direct Testimony.
9

10 Q. SINCE THE LAST GAS RATE CASE, HAVE ANY OTHER FACTORS IMPACTED THE
11 COMPANY'S GAS BUSINESS?

12 A. Yes. There are several notable factors that have impacted our gas business since
13 the Company's last gas rate case – primarily, inflation and supply chain
14 disruptions. Specifically, unprecedented inflation has affected the cost of our
15 capital investments and operations, from the cost of materials and supplies to
16 the cost of paying our employees and contractors. Labor shortages, coupled
17 with wage increases and supply chain shortages and delays across industries,
18 have also impacted how the Company must manage its operations and labor
19 and plan its investments. The Company makes every effort to manage these
20 economic conditions as they apply to our business and customers, but these
21 issues continue to drive our costs up since the Company developed its budget
22 in the last case in 2021 and concluded testimony filings with Intervenor Direct
23 in the summer of 2022.
24

25 Q. HAVE THERE BEEN ANY DEVELOPMENTS RELATED TO THE GUIC SINCE
26 NSPM'S LAST GAS RATE CASE?

1 A. Yes. Earlier this year, the Minnesota Legislature extended the GUIC through
2 June 2028, as it was scheduled to sunset this year. Further, the Commission's
3 May 30, 2023 Order in the Company's 2023 GUIC Rider proceeding (Docket
4 No. E002/M-22-578) approved recovery of all mandated relocation projects
5 under the GUIC Rider going forward. Thus, GUIC investments are not driving
6 this case, as the Company can continue to recover various eligible investments
7 through the GUIC Rider.

8 9 **III. THE COMPANY'S RATE CASE FILING**

10 11 **A. Case Overview**

12 Q. PLEASE FURTHER DESCRIBE THE COMPANY'S RATE REQUEST IN THIS
13 PROCEEDING.

14 A. As mentioned earlier in my Direct Testimony, our rate case uses a test year for
15 the 12 months ending December 31, 2024. Company witness Halama sponsors
16 the cost of service study, which reflects a total revenue requirement of \$676.83
17 million. This is based on our request to recover the costs of increased capital
18 and O&M investments in our gas operations infrastructure and other parts of
19 our business, as described earlier in my Direct Testimony. Our request is also
20 based on a capital structure of 52.50 percent common equity, 46.87 percent
21 long-term debt, and 0.63 percent short-term debt; a proposed ROE of 10.20
22 percent, which is a conservative ROE supported by the analysis conducted by
23 Company witness Nowak; a long-term cost of debt of 4.46 percent; and a short-
24 term cost of debt of 5.01 percent. This results in an overall weighted average
25 cost of capital (WACC) of 7.48 percent, which Company witness P. Johnson
26 supports in his Direct Testimony. When compared to our present revenue of

1 \$617.81 million, this revenue requirement results in an increase in base rate
2 revenue of \$59.03 million.

3
4 Q. WHY IS THE COMPANY REQUESTING A 10.20 PERCENT ROE IN THIS
5 PROCEEDING?

6 A. The Company's ROE expert, Company witness Nowak, has recommended an
7 ROE range of 9.90 percent to 10.90 percent in his Direct Testimony, with a
8 recommended authorized ROE of 10.20 percent. As noted by Company witness
9 Nowak, he assessed the market-based common equity cost rates of companies
10 of relatively similar risk to NSPM in his proxy group analysis. Company witness
11 Nowak determined that the indicated range of common equity cost rates
12 applicable to this proxy group, before any Company-specific adjustments, is
13 between 9.90 percent and 10.90 percent. The Company-specific
14 recommendation accounts for its specific business risk, regulatory risk, and
15 flotation costs.

16
17 Given the range that results from consideration of the proxy group and
18 Company-specific adjustments, Company witness Nowak recommends an
19 ROE for NSPM of 10.20 percent, which is toward the lower end of the
20 Company-specific range.

21
22 Q. HOW HAS THE COMPANY DEVELOPED THE REVISIONS TO ITS BASE RATES?

23 A. The class cost of service study (CCOSS) allocates the proposed revenue
24 requirement among NSPM's gas customer classes based on how each class
25 causes costs to be incurred on the system. Using the results of the CCOSS as a
26 guide, we established a revenue apportionment and designed base rates to
27 collect our overall revenue requirement. Company witness Barthol further

1 discusses the Company's proposed CCOSS in his Direct Testimony. Company
2 witness Michelle M. Terwilliger discusses the revenue apportionment and rate
3 design in her Direct Testimony.

4
5 Q. IS THE COMPANY PROPOSING TO CONTINUE USE OF ANY RIDERS DURING OR
6 FOLLOWING THIS PROCEEDING?

7 A. Yes. The Company proposes to move the costs of GUIC projects placed in
8 service through December 31, 2023 to base rates, and continue to recover
9 GUIC Rider projects going into service in 2024 and beyond through the Rider.
10 Company witness Halama addresses rider and tracker cost recovery in more
11 detail in his Direct Testimony.

12
13 Q. HOW WOULD THE COMPANY'S PROPOSED CHANGE IN BASE RATES AFFECT A
14 TYPICAL RESIDENTIAL OR SMALL COMMERCIAL CUSTOMER?

15 A. Compared to current rates, the average residential and small commercial
16 customers will see an increase of approximately 10.3 percent in their monthly
17 bill. Company witness Terwilliger discusses the Company's revenue
18 apportionment, rate design, and bill impacts in more detail in her Direct
19 Testimony.

20
21 Q. DOES THE COMPANY OBSERVE ANY NOTABLE UNCERTAINTIES THAT COULD
22 AFFECT THIS RATE PROCEEDING?

23 A. Yes. Ongoing record inflation, increasing interest rates, and a global supply
24 chain crisis present both short- and long-term uncertainties for the Company
25 and our stakeholders. Extreme weather events have also become a source of
26 uncertainty for the Company and our customers, as these events have been
27 arising with some increasing frequency and impact our commodity costs, our

1 customers' ability to efficiently heat their homes and buildings, and our gas
2 distribution system as a whole.

3
4 We are also observing that our state and national lawmakers have identified
5 varying plans and goals with respect to the environment, infrastructure, and
6 public health, among other things. The potential issues could range from
7 additional gas system integrity requirements to greater renewable and clean
8 energy opportunities. We believe the Company has been responsive to
9 developments like the NGIA and national pipeline safety rules in the past and
10 present, and we look forward to partnering with our stakeholders to address
11 new obligations promptly and effectively in the future.

12
13 Q. IS THE COMPANY PROPOSING ANY TRUE-UPS FOR THE GAS BUSINESS WITHIN
14 THIS RATE CASE?

15 A. Yes. As Company witness Halama discusses in more detail, we are proposing to
16 track and true-up certain costs, such as manufactured gas plant (MGP) site
17 remediation costs, regulatory proceeding participant compensation costs, and
18 property taxes, consistent with the sizeable and variable nature of these costs
19 and how the Commission has handled such costs for other utilities.

20
21 Trackers support our customers by mitigating any risk of over- or under-
22 collection of costs, so that only actual costs are ultimately recovered through
23 rates. There is no doubt that such true-ups allow parties to take advantage of
24 actual data rather than relying on the forecast that can change and be based on
25 various parties' differing proposed methodologies. These mechanisms help the
26 Company manage its business while also helping ensure accurate results in the
27 rate-setting process.

1
2 Q. IS THERE ANYTHING YOU WOULD LIKE TO NOTE ABOUT THE COMPANY'S
3 INTERIM RATE REQUEST?

4 A. Yes. In order to meet our customers' and other stakeholders' needs and
5 expectations for the continued delivery of clean, safe, reliable natural gas service,
6 our revenues need to be adjusted on an interim basis so we can recover the costs
7 that have been incurred and will be spent during this proceeding. For example,
8 a sizable amount of our 2024 request relates to O&M increases that are being
9 incurred during 2024, whereas we do not anticipate implementation of final
10 rates for this proceeding until late 2024 or early 2025.

11
12 That said, the Company's interim rate request for 2024 is substantially lower
13 than our final base rate request because we have removed certain costs
14 consistent with Commission decisions in prior NSPM rate cases. We have also
15 adjusted our ROE for interim rates to 9.57 percent, as approved in our last gas
16 rate case and consistent with Minn. Stat. § 216B.16, subd. 3. We discuss this
17 further in Company witness Halama's Direct Testimony and in the Notice and
18 Petition for Interim Rates, included in Volume 1.

19
20 Q. PLEASE SUMMARIZE WHY THE COMPANY IS FILING THIS CASE.

21 A. As I've described above, there are a number of factors driving the need for this
22 case at this time. The Company is making investments in its natural gas system
23 and incurring costs to serve its customers, and recovering these costs is critical
24 to the Company's ability to continue to successfully provide safe, reliable and
25 affordable natural gas service to its customers long into the future. Likewise, it
26 is important that the Company continue to attract capital and finance capital
27 expenditures on reasonable terms and ensure the financial soundness of its

1 natural gas operations going forward. The Company therefore requires a
2 reasonable authorized return and a reasonable opportunity to earn that return
3 so that it can maintain safe and reliable service for its customers and advance
4 other important policy goals like leading the clean energy transition, which
5 benefits all stakeholders.

6
7 **B. Case Framework, Witnesses, and Completeness Matrix**

8 Q. HOW IS THE INITIAL FILING OF THIS CASE ORGANIZED?

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

- 10 • Volume 1 contains our Notice of Change of Rates and Interim Rate
11 Petition.
- 12 • Volumes 2A through 2C include the Direct Testimony and supporting
13 schedules of each of the witnesses.
- 14 • Volume 2D contains our proposed Tariff sheets for the 2024 test year.
- 15 • Volume 3 includes the Required Financial Information in support of our
16 rate request.
- 17 • Volume 4 includes the workpapers primarily supporting the cost of
18 service study for the 2024 test year, prepared at the direction of Company
19 witness Halama.
- 20 • Volume 5 includes our Budget Documentation.

21
22 Q. PLEASE INTRODUCE THE WITNESSES PROVIDING TESTIMONY FOR THE
23 COMPANY IN THIS PROCEEDING.

24 A. In addition to my testimony, the Company sponsors the following witnesses:

- 25 • *Jeff R. Lyng*, who sponsors testimony regarding the Company's leadership
26 of the clean energy transition and Net-Zero Vision for Natural Gas.

- 1 • *Benjamin C. Halama*, who sponsors the overall revenue requirement for
2 the rate case. Company witness Halama sponsors the schedules
3 supporting our income statement, rate base, revenue deficiency, and
4 jurisdictional allocations. His schedules incorporate and reflect the
5 recommendations of a number of our witnesses, including the cost of
6 capital and sales forecast.
- 7 • *Paul A. Johnson*, who sponsors our capital structure, cost of debt and
8 overall cost of capital.
- 9 • *Joshua C. Nowak*, of Concentric Energy Advisors, who sponsors
10 testimony on the ROE and overall ROR.
- 11 • *John M. Goodenough*, who sponsors the sales forecast used in Company
12 witness Halama's determination of the revenue deficiency.
- 13 • *Christopher R. Haworth*, who sponsors testimony about our budget
14 governance process and capital additions for certain of the Company's
15 Shared Corporate Services business areas.
- 16 • *Alicia E. Berger*, who sponsors testimony about the Company's gas
17 delivery operating and maintenance costs and capital investments, as well
18 as investments in and operations of the Company's gas peaking plants.
- 19 • *Michael O. Remington*, who sponsors testimony about our Technology
20 Services area.
- 21 • *Nora C. Lindgren*, who sponsors testimony about our Customer Care
22 organization and bad debt expense.
- 23 • *Michael P. Deselich*, who sponsors our requested level of employee
24 compensation, including incentive compensation, which helps manage
25 labor costs while ensuring adequate and competitive compensation for
26 our employees.

- 1 • *Richard R. Schrubbe*, who sponsors testimony about why our pension costs
- 2 will increase and proposes alternatives for their recovery.
- 3 • *Nicole L. Doyle*, who sponsors our allocations from Xcel Energy Services
- 4 Inc. to NSPM. Company witness Doyle also presents an overview of
- 5 Xcel Energy Inc. and its subsidiaries' organizational structure and a Cost
- 6 Assignment and Allocation Manual that assigns and allocates costs
- 7 between business units and jurisdictions within NSPM.
- 8 • *Allison M. Johnson*, who sponsors testimony supporting the level of
- 9 depreciation expense included in the test year.
- 10 • *William T. Kowalowski*, who sponsors testimony about our property tax
- 11 expense.
- 12 • *Sangram S. Bhosale*, who sponsors testimony about the amount of
- 13 employee expenses requested for recovery in this rate case and the
- 14 Company's recent fleet capital additions.
- 15 • *Scott S. Hults*, who sponsors testimony about our service and main
- 16 extensions, as well as a proposal for an interruptible service that includes
- 17 economic curtailment.
- 18 • *Christopher J. Barthol*, who sponsors our class cost of service study,
- 19 proposed RDM, and selected rate design and tariff changes.
- 20 • *Michelle M. Terwilliger*, who sponsors the general rate design in this case.

21

22 Together, these witnesses provide the information and advocacy needed to

23 evaluate and approve our Application.

24

25 Q. PLEASE DISCUSS THE COMPLIANCE MATTERS ADDRESSED IN THIS PROCEEDING.

26 A. To ensure that we have complied with all requirements, we undertook a

27 comprehensive review of all Commission Rules and Commission Orders issued

1 since our last natural gas rate case. Exhibit___(AAL-1), Schedule 2 lists the
2 relevant Commission directives from the Orders since our previous rate case.
3 In that Schedule, we also provide references to the portions of this Application
4 that comply with the requirements. We believe we have exercised due diligence
5 in ensuring full compliance with all Commission requirements for this
6 proceeding.

8 IV. CONCLUSION

9
10 Q. PLEASE SUMMARIZE THE KEY POINTS OF YOUR DIRECT TESTIMONY.

11 A. Even since the Company filed its last natural gas base rate in 2021, continuing
12 economic, industry, and Company developments necessitate a rate increase at
13 this time so that the Company can continue to successfully provide safe, reliable,
14 and affordable natural gas service to its customers across Minnesota. Since our
15 last case, we have made continued investments in our natural gas system and
16 business, continued our leadership in the clean energy transition, enhanced
17 customer offerings and services, and, above all, safely and reliably served
18 customers. This rate case enables the Company to align our rates with the
19 current cost of providing natural gas service to customers, and will position the
20 Company to partner with the Commission and our stakeholders to most
21 effectively serve customers in the future.

22
23 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

24 A. Yes, it does.

Statement of Qualifications

Amy Liberkowski

Regional Vice President, Regulatory and Pricing
Northern States Power Company - Minnesota

Amy Liberkowski is the Company's Regional Vice President for Regulatory and Pricing and has held this position since May 2022. She is responsible for state regulatory filings including rate cases, cost recovery riders and voluntary customer rate offerings in Minnesota, North Dakota, and South Dakota.

Ms. Liberkowski has more than 30 years of experience with the Company and has served in a variety of roles in the Company's Regulatory and Finance areas, including six years as Director of Regulatory Pricing and Analysis.

Liberkowski earned a Master of Business Administration Degree and a Bachelor of Arts Degree in Finance and Economics from the University of St. Thomas.

Completeness Matrix

	Requirement	Description	Location in Application
	MINNESOTA RULES		
1	Minn. Rule 7825.3200	NOTICE OF CHANGE IN RATES	
2		A utility filing for a change in rates shall serve notice to the commission at least 90 days prior to the proposed effective date of the modified rates. Such notice shall include the items prescribed below for: A. general rate changes: (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.	Vols. 1 and 2A – 2D (see below for specific requirements and locations).
3	Minn. Rule 7825.3300	METHODS AND PROCEDURES FOR REFUNDING	
4		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
5		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
6	Minn. Rule 7825.3500	PROPOSAL FOR CHANGE IN RATES	
7		The utility’s proposal for a change in rates shall summarize the notice of change in rates and shall include the following information:	
8	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
9	B.	date of filing and date modified rates are effective;	Vol. 1, Notice of Change in Rates Tab
10	C.	description and purpose of the change in rates requested;	Vol. 1, Filing Letter Tab; Vol. 1, Notice of Change in Rates Tab
11	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
12	E.	signature and title of utility officer authorizing the proposal.	Vol. 1, Notice of Change in Rates Tab
13	Minn. Rule 7825.3600	MODIFIED RATES	
14		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. 2D 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 2024 test year.
15	Minn. Rule 7825.3700	EXPERT OPINIONS AND SUPPORTING EXHIBITS	
16		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. At a minimum, expert opinions shall include a statement by the chief executive officer or other designated official in support of the proposal. Supporting exhibits may be the same as those prescribed by parts 7825.3800 to 7825.4400 or may make reference where appropriate to the information requirements prescribed by parts 7825.3800 to 7825.4400.	Vol. 1, Notice of Change in Rates Tab; Vols. 2A, 2B, and 2C
17	Minn. Rule 7825.3900	JURISDICTIONAL FINANCIAL SUMMARY SCHEDULE	
18		A jurisdictional financial summary schedule as required by part 7825.3800 shall be filed showing:	
19	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, Schedules 2-3 (Revenue Requirements); Vol. 3, Section II, Tab 2 (Jurisdictional Financial Summary Schedules)

	<u>Requirement</u>	<u>Description</u>	<u>Location in Application</u>
20	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	Vol. 3, Section II, Tab 2 (Jurisdictional Financial Summary Schedules)
21	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.	Vol. 3, Section II, Tab 2 (Jurisdictional Financial Summary Schedules)
22	Minn. Rule 7825.4000	RATE BASE SCHEDULES	
23		The following rate base schedules as required by part 7825.3800 shall be filed:	
24	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, Part A (Rate Base Summary)
25	B.	A comparison of total utility and Minnesota jurisdictional rate base amounts by detailed rate base component showing:	
26	(1)	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 (Detailed Rate Base Components)
27	(2)	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 (Detailed Rate Base Components)
28	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 (Rate Base Adjustments)
29	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 (Rate Base Assumptions and Approaches)
30	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 (Rate Base Jurisdictional Allocation Factors) Note: the Company is a multi-jurisdictional utility.
31	Minn. Rule 7825.4100	OPERATING INCOME SCHEDULES	
32		The following operating income schedules as required by part 7825.3800 shall be filed:	
33	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 (Jurisdictional Statement of Operating Income)
34	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 (Total Utility and Jurisdictional Operating Income Statements)
35	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 (Income Tax Computation)
36	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 (Operating Income Statement Adjustments); Vol. 4, Section VIII (Adjustments)

	Requirement	Description	Location in Application
37	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 D (Operating Income Statement Adjustments); Vol. 3, Section II, Tab 4, Part E (Operating Income Assumptions and Approaches)
38	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 (Operating Income Jurisdictional Allocation Factors)
39	Minn. Rule 7825.4200	RATE OF RETURN COST OF CAPITAL SCHEDULES	
40		The following rate of return cost of capital schedules as required by part 7825.3800 shall be filed:	
41	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 (Rate of Return Summary Schedules)
42	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 (Long Term Debt and Preferred Equity)
43	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 (Short Term Debt)
44		Average Common Equity Balances (Additional Information)	Vol. 3, Section II, Tab 5, Part D (Common Equity)
45	Minn. Rule 7825.4300	RATE STRUCTURE AND DESIGN INFORMATION	
46		The following rate structure and design information as required by part 7825.3800 shall be filed:	
47	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 (Test Year Operating Revenue Summary Comparison)
48	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 (Test Year Operating Revenue Detailed Comparison)
49	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.	Christopher J. Barthol, Exhibit____(CJB-1), Vol. 2C, Schedules 2-3 (Class Cost of Service Study); Vol. 3, Section II, Tab 6, Part C (Class Cost of Service Study)
50	Minn. Rule 7825.4400	OTHER SUPPLEMENTAL INFORMATION	
51		The following supplemental information as required by part 7825.3800 shall be filed:	
52	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 (Annual Report)
53	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 (Gross Revenue Conversion Factor)
54	C.	For cooperatives only, REA Form 7, Financial and Statistical Report for the last month of the most recent fiscal year.	Not Applicable
55	D.	For cooperatives only, REA Form 7A, Annual Supplement to Financial and Statistical Report.	Not Applicable
56	E.	For REA cooperatives only, REA Form 325, Financial Forecast.	Not Applicable
57	Minn. Rule 7825.2700	PURCHASE GAS CHARGES, AUTOMATIC ADJUSTMENT	

	Requirement	Description	Location in Application
58	Subp. 2	A new base gas cost must be submitted as a miscellaneous rate change to coincide with the implementation of interim rates during a general rate proceeding. A new base gas cost must also be part of the rate design compliance filing submitted as a result of a general rate proceeding. The base gas cost must separately state the commodity base cost and the demand base cost components for each class. The base gas cost for each class is determined by dividing the estimated base period cost of purchased gas for each class by the estimated base period annual sales volume for each class.	<i>In the Matter of the Petition of Northern States Power Company for Approval of a New Base Gas Cost for Interim Rates</i> , Docket No. G002/MR-23-412 (Filed Nov. 1, 2023)
59	Minn. Rule 7829.2400	FILING REQUIRING DETERMINATION OF GROSS REVENUE	
60	Subp. 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; Vol. 1, Summary of Filing Tab
61	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; Vol. 1, Certificate of Service Tab
62	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; Vol. 1, Notice to Counties and Municipalities Tab
63	MINNESOTA STATUTES		
64	Minn. Stat. § 216B.16	RATE CHANGE; PROCEDURE; HEARING	
65	Subd. 1	Notice. Unless the commission otherwise orders, no public utility shall change a rate which has been duly established under this chapter, except upon 60 days' notice to the commission. The notice shall include statements of facts, expert opinions, substantiating documents, and exhibits, supporting the change requested, and state the change proposed to be made in the rates then in force and the time when the modified rates will go into effect. If the filing utility does not have an approved energy conservation improvement plan on file with the department, it shall also include in its notice an energy conservation plan pursuant to section 216B.241. A filing utility subject to rate regulation under section 216B.026 shall reference in its notice the energy conservation improvement plans of the generation and transmission cooperative providing energy conservation improvement programs to members of the filing utility pursuant to section 216B.241. The filing utility shall give written notice, as approved by the commission, of the proposed change to the governing body of each municipality and county in the area affected. All proposed changes shall be shown by filing new schedules or shall be plainly indicated upon schedules on file and in force at the time.	Vol. 1, Notice of Change in Rates Tab; Vol. 1, 2024 Interim Tariff Sheets Redline Tab; Vol. 1, 2024 Interim Tariff Sheets Clean Tab
66	Subd. 3(b)	Interim Rate. (b) Unless the commission finds that exigent circumstances exist, the interim rate schedule shall be calculated using the proposed test year cost of capital, rate base, and expenses, except that it shall include: (1) a rate of return on common equity for the utility equal to that authorized by the commission in the utility's most recent rate proceeding; (2) rate base or expense items the same in nature and kind as those allowed by a currently effective order of the commission in the utility's most recent rate proceeding; and (3) no change in the existing rate design. In the case of a utility which has not been subject to a prior commission determination, the commission shall base the interim rate schedule on its most recent determination concerning a similar utility.	Vol. 1, Notice and Petition for Interim Rates Tab

	<u>Requirement</u>	<u>Description</u>	<u>Location in Application</u>
67	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, Tab 2 (Minn. Stat. § 216B.16, subd. 17: Travel, Entertainment & Related Employee Expenses); See also Sangram S. Bhosale, Exhibit____(SSB-1), Vol. 2C, Section V (Employee Expenses)
68		(1) travel and lodging expenses;	Vol. 3, Section IV, Tab 2 (Minn. Stat. § 216B.16, subd. 17: Travel, Entertainment & Related Employee Expenses), Schedule 1 (Travel Expenses) and Schedule 1A (VP and Above). See also Sangram S. Bhosale, Exhibit____(SSB-1), Vol. 2C, Section V (Employee Expenses)
69		(2) food and beverage expenses;	Vol. 3, Section IV, Tab 2 (Minn. Stat. § 216B.16, subd. 17: Travel, Entertainment & Related Employee Expenses), Schedule 2 (Meal Expenses) and Schedule 1A (VP and Above); See also Sangram S. Bhosale, Exhibit____(SSB-1), Vol. 2C, Section V (Employee Expenses)
70		(3) recreational and entertainment expenses;	Vol. 3, Section IV, Tab 2 (Minn. Stat. § 216B.16, subd. 17: Travel, Entertainment & Related Employee Expenses), Schedule 3 (Entertainment Expenses); See also Sangram S. Bhosale, Exhibit____(SSB-1), Vol. 2C, Section V (Employee Expenses)
71		(4) board of director-related expenses, including and separately itemizing all compensation and expense reimbursements;	Vol. 3, Section IV, Tab 2 (Minn. Stat. § 216B.16, subd. 17: Travel, Entertainment & Related Employee Expenses), Schedule 4 (Board of Directors Compensation and Expenses); See also Sangram S. Bhosale, Exhibit____(SSB-1), Vol. 2C, Section V (Employee Expenses)
72		(5) expenses for the ten highest paid officers and employees, including and separately itemizing all compensation and expense reimbursements;	Vol. 3, Section IV, Tab 2 (Minn. Stat. § 216B.16, subd. 17: Travel, Entertainment & Related Employee Expenses), Schedule 5 (Top Ten Compensation) and Schedule 5A-5J (Top Ten Expenses); See also Sangram S. Bhosale, Exhibit____(SSB-1), Vol. 2C, Section V (Employee Expenses)
73		(6) dues and expenses for memberships in organizations or clubs;	Vol. 3, Section IV, Tab 2 (Minn. Stat. § 216B.16, subd. 17: Travel, Entertainment & Related Employee Expenses), Schedule 6 (Dues); See also Sangram S. Bhosale, Exhibit____(SSB-1), Vol. 2C, Section V - VI (Employee Expenses)
74		(7) gift expenses;	Vol. 3, Section IV, Tab 2 (Minn. Stat. § 216B.16, subd. 17: Travel, Entertainment & Related Employee Expenses), Schedule 7 (Gifts); See also Sangram S. Bhosale, Exhibit____(SSB-1), Vol. 2C, Section V (Employee Expenses)
75		(8) expenses related to owned, leased, or chartered aircraft; and	Vol. 3, Section IV, Tab 2 (Minn. Stat. § 216B.16, subd. 17: Travel, Entertainment & Related Employee Expenses), Schedule 8 (Aviation); See also Sangram S. Bhosale, Exhibit____(SSB-1), Vol. 2C, Section V (Employee Expenses)
76		(9) lobbying expenses.	Vol. 3, Section IV, Tab 2 (Minn. Stat. § 216B.16, subd. 17: Travel, Entertainment & Related Employee Expenses), Schedule 9 (Lobbying); See also Sangram S. Bhosale, Exhibit____(SSB-1), Vol. 2C, Section V (Employee Expenses)

	Requirement	Description	Location in Application
77		(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, Tab 2 (Minn. Stat. § 216B.16, subd. 17: Travel, Entertainment & Related Employee Expenses); See also Sangram S. Bhosale, Exhibit____(SSB-1), Vol. 2C, Section V (Employee Expenses)
78	COMMISSION POLICY STATEMENTS		
79	Advertising	Statement that recovery is requested only for permitted advertisements.	Vol. 4, Section VIII, Tab A1 (Advertising); Vol. 3, Section III, Tab 1 (Advertising)
80		Description of advertisements for which recovery is requested.	Vol. 3, Section III, Tab 1 (Advertising); Vol. 4, Section VIII, Tab A1 (Advertising)
81		Sample advertisements for which recovery is requested including a schedule that: 1. Identifies the sample ad. 2. Categorizes the advertisements by allowable and disallowable type. 3. Defines the percentage by which the content fits into the allowable and disallowable statutory categories. 4. Provides the corresponding test year dollar amount for each ad. 5. Describes the period of time during which each ad will be used, the service area in which it will appear, and the media employed.	Vol. 3, Section III, Tab 1 (Advertising); Vol. 4, Section VIII, Tab A1 (Advertising)
82	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 (Charitable Contributions); Vol. 4, Section VIII, Tab A5 (Foundation and Other Donations)
83		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 (Charitable Contributions); Vol. 4, Section VIII, Tab A5 (Foundation and Other Donations)
84		Itemized schedule showing amount, recipient and time of donations.	Vol. 3, Section III, Tab 2 (Charitable Contributions); Vol. 4, Section VIII, Tab A5 (Foundation and Other Donations)
85		Only 50% of qualified contributions shall be allowed as operating expenses.	Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, Section VII.A (Revenue Requirements); Vol. 3, Section III, Tab 2 (Charitable Contributions); Vol. 4, Section VIII, Tab A5 (Foundation and Other Donations)
86	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 (Organization Dues); Vol. 4, Section VIII, Tab A2 (Dues: Professional Associations) and Tab A4 (Dues: Chamber of Commerce)
87		Testimony explaining the primary purpose of each organization.	Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, Section VII.A (Revenue Requirements); Sangram S. Bhosale, Exhibit____(SSB-1), Vol. 2C, Section VI (Employee Expenses); Vol. 3, Section III, Tab 3 (Organization Dues); Vol. 4, Section VIII, Tab A2 (Dues: Professional Associations) and Tab A4 (Dues: Chamber of Commerce)
88	Research Expenses	Description of each research activity for which an expense is claimed, with all expenses for each activity itemized and supported. Testimony that: explains the nature of control of the research, including the setting of research goals and evaluation of services; identifies the persons or groups who will conduct the research; describes the persons who will benefit from the research and the time expected to be needed for benefits to begin to accrue to those persons; and reveals the parties who will acquire ownership of any processes, patents, rights, or other tangible products that result from the research.	Vol. 3, Section III, Tab 4 (Research Expenses)

	Requirement	Description	Location in Application
89	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, Section IV.D and Schedule 4 (Revenue Requirements); Vol. 4, Section III, Tab P10 (Cash Working Capital); Vol. 4, Section VIII, Tab A25 (Cash Working Capital Adjustment)
90		Other issues may include average or minimum cash balances required, depreciation, dividends and interest on debt.	Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, Section IV.D and Schedule 4 (Revenue Requirements); Vol. 4, Section III, Tab P10 (Cash Working Capital); Vol. 4, Section VIII, Tab A25 (Cash Working Capital Adjustment)
91	Interim Rates		
92	Interim Rates, page 2, item 1	Name, address and telephone number of utility and attorneys.	Vol. 1, Notice and Petition for Interim Rates Tab
93	Interim Rates, page 2, item 2	Date of filing and date proposed interim rates are requested to become effective.	Vol. 1, Notice and Petition for Interim Rates Tab
94	Interim Rates, page 2, item 3	Description and need for interim rates.	Vol. 1, Notice and Petition for Interim Rates Tab
95	Interim Rates, page 2, item 4	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. The data for the most recent actual year should be for the same time period in months as the test year, if the test year is a projected test year.	Vol. 1, Interim Rate Supporting Schedules and Workpapers Tab
96	Interim Rates, page 2, item 5	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
97	Interim Rates, page 2, item 6	Certification by officer of the utility, that affirms the proposed interim rate petition is in compliance with Minnesota Statutes.	Vol. 1, Notice and Petition for Interim Rates Tab; Vol. 1, Agreement and Undertaking Tab
98	Interim Rates, page 3, item 7	Signature and title of the utility officer authorizing the proposed interim rates.	Vol. 1, Notice and Petition for Interim Rates Tab; Vol. 1, Agreement and Undertaking Tab
99	Interim Rates, pages 3-4, items 1-4	Supporting schedules and workpapers, including: (1) A schedule showing the interim rate of return calculation; (2) A schedule showing the interim operating income statement; (3) A schedule showing the interim proposed rate base; (4) A schedule showing revenue deficiency calculations for each of the operating income statements and rate bases requested in (2) and (3) above. The revenue deficiency should be calculated for the actual data and the interim data using the rate of return calculated in (1) above.	Vol. 1, Interim Rate Supporting Schedules and Workpapers Tab
100		Modified tariffs	Vol. 1, Interim Tariff Sheets Redline Tab; Vol. 1, Interim Tariff Sheets Clean Tab
101		Notices	Vol. 1, Notice and Petition for Interim Rates Tab
102	COMMISSION ORDERS IN GENERIC DOCKETS		
103	G, E999/CI-90-1008	Commission Investigation into Appliance Sales and Service by Utilities	
104	Order Finding Compliance, Exempting Northwestern Wisconsin, Requiring Preparation, and Closing Docket at Order Point 3 (March 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.	Nicole L. Doyle, Exhibit____(NLD-1), Vol. 2B, Section II (Cost Assignment and Allocation Principles)
105	G999/CI-90-563	Commission Inquiry into Competition Between Gas Utilities in Minnesota	
106	Order Terminating Investigation and Closing Docket (March 31, 1995)	<u>Service Extension Information.</u> Respond to the following questions and concerns raised by the Commission regarding service extension policy and practice. Free Footage: With respect to the reviews to be conducted in future rate cases, the Commission would like the Department and the parties to address the following kinds of questions: Should the "free" footage or service extension allowance include the majority of all new extensions with only the extremely long extensions requiring a customer contribution-in-aid-of-construction (CIAC)?	Scott S. Hults, Exhibit____(SSH-1), Vol. 2C, Section III.B (Gas Service Policy & Extensions)
107	Order Terminating Investigation and Closing Docket (March 31, 1995)	Economic Feasibility: With respect to the reviews to be conducted in future rate cases, the Commission would like the Department and the parties to address the following kinds of questions: How should the LDC determine the economic feasibility of service extension projects and whether the excess footage charges are collected?	Scott S. Hults, Exhibit____(SSH-1), Vol. 2C, Section III.B (Gas Service Policy & Extensions)

	Requirement	Description	Location in Application
108	Order Terminating Investigation and Closing Docket (March 31, 1995)	Extension Policy Tariff: With respect to the reviews to be conducted in future rate cases, the Commission would like the Department and the parties to address the following kinds of questions: Should the LDC's service extension policy be tariffed in number of feet without consideration to varying construction costs amongst projects or should the allowance be tariffed as a total dollar amounts per customer?	Scott S. Hults, Exhibit____(SSH-1), Vol. 2C, Section III.B (Gas Service Policy & Extensions)
109	Order Terminating Investigation and Closing Docket (March 31, 1995)	Refund Policy: With respect to the reviews to be conducted in future rate cases, the Commission would like the Department and the parties to address the following kinds of questions: Is the LDC's extension charge refund policy appropriate?	Scott S. Hults, Exhibit____(SSH-1), Vol. 2C, Section III.B (Gas Service Policy & Extensions)
110	Order Terminating Investigation and Closing Docket (March 31, 1995)	Customer Installations: With respect to the reviews to be conducted in future rate cases, the Commission would like the Department and the parties to address the following kinds of questions: Should customers be allowed to run their own service line from the street to the house (or use an independent contractor) if it would be less expensive than having the utility construct the line?	Scott S. Hults, Exhibit____(SSH-1), Vol. 2C, Section III.B (Gas Service Policy & Extensions)
111	Order Terminating Investigation and Closing Docket (March 31, 1995)	Financing: With respect to the reviews to be conducted in future rate cases, the Commission would like the Department and the parties to address the following kinds of questions: Should the LDC be required to offer its customers financing for service extension charges? This could be offered as an alternative to paying extension charges in advance of construction.	Scott S. Hults, Exhibit____(SSH-1), Vol. 2C, Section III.B (Gas Service Policy & Extensions)
112	Order Terminating Investigation and Closing Docket (March 31, 1995)	Service Extension-Related Additions to Rate Base: In future rate cases, the Commission will request the Department to investigate the company's service extension-related additions to rate base to make sure: 1) that LDCs are applying their tariffs correctly and consistently; 2) that they are appropriately cost and load justified; and that wasteful additions to plant and facilities are not allowed into rate base.	Scott S. Hults, Exhibit____(SSH-1), Vol. 2C, Section III.B (Gas Service Policy & Extensions)
113	COMMISSION ORDERS IN XCEL ENERGY DOCKETS		
114	E002/GR-91-1	In the Matter of the Application of Northern States Power Company for Authority to Increase its Rates for Electric Service in Minnesota (1991 Electric Rate Case)	
115	Findings of Fact, Conclusions of Law, and Order at Order Point 5 (Nov. 27, 1991)	The Company shall incorporate the Data Resources, Inc. (DRI) index, or a comparable industry standard, as a guideline in future rate cases.	Vol. 5 (6) (Inflation Trend Analysis)
116	Findings of Fact, Conclusions of Law, and Order at Order Point 9 (Nov. 27, 1991)	The Company shall adopt compensation principles set out in the body of this Order, including the following requirements: (a) Advantage Service shall pay a return on the use of NSP's billing services asset; (b) Advantage Service shall compensate the Company for its personnel's referral time; (c) Advantage Services shall pay the Company a competitive rate for use of its mailing lists. The above compensation principles must be reflected in future rate case filings.	Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, Section IX.C.1 (Revenue Requirements); NSP Advantage Service now operates under the name Xcel Energy HomeSmart.
117	E002/AI-93-990	In the Matter of the Request by Northern States Power Company for Approval of Administrative Services and Tax-Sharing Agreements	
118	Order (April 29, 1994)	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.	Nicole L. Doyle, Exhibit____(NLD-1), Vol. 2B, Sections II (Cost Assignment and Allocation Principles)
119	G002/GR-97-1606	In the Matter of the Application of Northern States Power Company's Gas Utility to Change its Schedule of Gas Rates for Retail Customers within the State of Minnesota (1997 Gas Rate Case)	
120	Findings of Fact, Conclusions of Law, and Order (Sept. 30, 1998)	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, Section IX.C.2 (Revenue Requirements)
121	G002/GR-04-1511	In the Matter of the Application of Northern States Power Company for Authority to Increase Natural Gas Rates in Minnesota (2004 Gas Rate Case)	
122	ALJ Report at Finding 23 (June 22, 2005)	Xcel Energy is required to retain records of unusual construction charges and unusual winter construction charges.	Scott S. Hults, Exhibit____(SSH-1), Vol. 2C, Section III.C.1 (Gas Service Policy & Extensions)
123	ALJ Report at Finding 94 (June 22, 2005)	NSP is required to continue to break out costs for transportation in the CCOSS with the same level of detail as it did in this proceeding.	Vol. 3, Section II, Part 6 (C) (Class Cost of Service Study)

	<u>Requirement</u>	<u>Description</u>	<u>Location in Application</u>
124	G002/GR-06-1429	In the Matter of the Application of Northern States Power Company for Authority to Increase Natural Gas Rates in Minnesota (2006 Gas Rate Case)	
125	Findings of Fact, Conclusions of Law, and Order at Order Point 7 (Sept. 10, 2007)	NSP must continue to refund to its customers incentive compensation that is included in rates, but not paid.	The Company proposes elimination of the AIP refund in this proceeding. <i>See</i> Michael P. Deselich, Exhibit____(MPD-1), Vol. 2B, Section IV.C.4 (Employee Compensation and Benefits)
126	Findings of Fact, Conclusions of Law, and Order at Order Point 10 (Sept. 10, 2007)	NSP to demonstrate that any CIAC waivers of \$5.00 or less were removed from the Company's rate base.	Scott S. Hults, Exhibit____(SSH-1), Vol. 2C, Section III.B.2 (Gas Service Policy & Extensions)
127	Findings of Fact, Conclusions of Law, and Order at Order Point 26 (Sept. 10, 2007)	In future rate cases, NSP to report any changes to the End-User Allocation Service program and verify that this program remains a fully allocated cost of service program.	Michelle M. Terwilliger, Exhibit____(MMT-1), Vol. 2C, Section X and Schedule 10 (Rate Design)
128	E002/GR-08-1065	In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Electric Service in Minnesota (2008 Electric Rate Case)	
129	Findings of Fact, Conclusions of Law, and Order at Order Point 13 and cited paragraphs (Oct. 23, 2009)	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 September 29, 2023 in Docket No. G002/GR-23-413.
130		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.	
131		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.	
132		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, and the “Graybar” report and “Active Service Count” report referenced in its response to OES Information Request No. 15 in this proceeding.	Requirement satisfied and provided in the forecast pre-filing materials submitted on September 29, 2023 in Docket No. G002/GR-23-413.
133	G002/GR-09-1153	In the Matter of the Application of Northern States Power Company for Authority to Increase Natural Gas Rates in Minnesota (2009 Gas Rate Case)	
134	ALJ Report at Finding 211 (Oct. 15, 2010)	Xcel agreed to take steps to improve cost documentation methods in advance of future rate cases.	Christopher R. Haworth, Exhibit____(CRH-1), Vol. 2A, Section II, III (Budgeting)
135	ALJ Report at Finding 243 (Oct. 15, 2010)	Xcel confirms that it will continue the practice of pre-filing forecast information in advance of future rate cases and continue to work with OES to refine its forecasting methods.	Forecasting data was pre-filed on September 29, 2023 in Docket No. G002/GR-23-413; John M. Goodenough, Exhibit____(JMG-1), Vol. 2A, Section I (Gas Customer and Throughput Forecast)
136	ALJ Report at Finding 307 (Oct. 15, 2010)	Unusual Construction Charges: The Commission should require Xcel to continue to track information relating to unusual construction charges, the waiver of CIAC in competitive situations and joint trenching practice in advance of its next natural gas rate case.	Scott S. Hults, Exhibit____(SSH-1), Vol. 2C, Section III.C (Gas Service Policy & Extensions)
137	Findings of Fact, Conclusions of Law, and Order at Order Point 9 (Dec. 6, 2010)	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 4 (Regulatory Assets, Liabilities, Deferred Debits and Credits)
138	E002/GR-10-971	In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Electric Service in Minnesota (2010 Electric Rate Case)	
139	Order Accepting Filing, Suspending Rates, and Requiring Supplemental Filing (Dec. 20, 2010)	[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, Section IV, Tab 2 (Minn. Stat. § 216B.16, subd. 17: Travel, Entertainment & Related Employee Expenses), Schedule 5 (Top Ten Compensation)

	<u>Requirement</u>	<u>Description</u>	<u>Location in Application</u>
140	ALJ Report at Finding 555 and Exhibit 105 (Feb. 22, 2012)	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, Section VII.E.14 (Revenue Requirements). The Company is not currently in a net operating loss position.
141	ALJ Report at Finding 555 and Exhibit 105 (Feb. 22, 2012)	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, Section VII.E.14 (Revenue Requirements). The Company is not currently in a net operating loss position.
142	ALJ Report at Finding 556 and Exhibit 56, Schedule 1 (Feb. 22, 2012)	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.	Sangram S. Bhosale, Exhibit____(SSB-1), Vol. 2C, Sections II-VI and Schedules 2-4 and 7-8 (Employee Expenses)
143	ALJ Report at Finding 556 and Exhibit 56, Schedule 1 (Feb. 22, 2012)	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. 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 NSP continues to request ratepayer recovery of any of the types of controversial expenses identified in this and our earlier rate case.	Sangram S. Bhosale, Exhibit____(SSB-1), Vol. 2C, Sections IV-VI and Schedules 4, 8 (Employee Expenses)
144	ALJ Report at Finding 556 and Exhibit 56, Schedule 1 (Feb. 22, 2012)	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.	Sangram S. Bhosale, Exhibit____(SSB-1), Vol. 2C, Section III-VI and Schedules 2-4 and 7-8 (Employee Expenses)

	<u>Requirement</u>	<u>Description</u>	<u>Location in Application</u>
145	ALJ Report at Finding 556 and Exhibit 56, Schedule 1 (Feb. 22, 2012)	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 (Minn. Stat. § 216B.16, subd. 17: Travel, Entertainment & Related Employee Expenses) and live excel files sent to Department and OAG.
146	ALJ Report at Finding 556 and Exhibit 56, Schedule 1 (Feb. 22, 2012)	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.	Sangram S. Bhosale, Exhibit____(SSB-1), Vol. 2C, Schedule 3 (Employee Expenses)
147	ALJ Report at Finding 556 and Exhibit 56, Schedule 1 (Feb. 22, 2012)	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.	In September 2023, the Company offered to meet with the OAG and stated that the Company intended to report employee expenses in same manner as in previous cases; OAG responded that if so, no meeting was needed.
148	ALJ Report at Finding 557 (Feb. 22, 2012)	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.	Sangram S. Bhosale, Exhibit____(SSB-1), Vol. 2C, Section VIII (Employee Expenses); Vol. III, Section IV, Tab 3 (Employee Compensation for Lobbying Activities)
149	AI-10-690; G002/GR-10-971	In the Matter of Northern States Power Company's Cost Allocation Procedures and General Allocator and 2010 Electric Rate Case	
150	Order Requiring Change in General Allocator and Requiring Filings (March 15, 2011)	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.	Nicole L. Doyle, Exhibit____(NLD-1), Vol. 2B; Section II.C (Cost Assignment and Allocation Principles)
151	Erratum Notice (March 21, 2011)	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.	Nicole L. Doyle, Exhibit____(NLD-1), Vol. 2B; Section II.C.1 and Schedule 4(a) (Cost Assignment and Allocation Principles)
152	E002/GR-12-961	In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Electric Service in Minnesota (2012 Electric Rate Case)	
153	Findings of Fact, Conclusions, and Order at Order Point 29 (Sept. 3, 2013)	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. Same as above.	The Company proposes elimination of the AIP refund in this proceeding. <i>See</i> Michael P. Deselich, Exhibit____(MPD-1), Vol. 2B, Section IV.C.4 (Employee Compensation and Benefits)
154	Heuer Rebuttal Testimony at 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.	As of the date of this filing, no projects included in the 2024 test year have been cancelled.
155	Heuer Rebuttal Testimony at 20	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: -Xcel Energy Services Inc. Definition: Service Company providing services across all Xcel Energy Inc. operating companies; -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 NSPM Definition: Total Company (electric and natural gas utilities) -NSPM Electric Definition: Total Company (electric utility only) -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.	Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, Schedule 5 (Revenue Requirements). In all rate case filing documents, including witness Direct Testimony and Schedules, the Company has made its best efforts to accurately label or otherwise identify all financial information as appropriate for the gas jurisdiction.
156	E002/GR-13-868	In the Matter of the Application of Northern States Power Company for Authority to Increase Rates for Electric Service in Minnesota (2013 Electric Rate Case)	

	<u>Requirement</u>	<u>Description</u>	<u>Location in Application</u>
157	Findings of Fact, Conclusions, and Order at Order Point 28 (May 8, 2015)	Aviation. 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.”	The Company is not seeking recovery of aviation costs in this case. See also Sangram S. Bhosale, Exhibit____(SSB-1), Vol. 2C, Sections II and V.B (Employee Expenses); Vol. 3, Section IV, Tab 2 (Minn. Stat. § 216B.16 subd. 17: Travel, Entertainment & Related Employee Expenses), Schedule 8 (Aviation); Vol. 4, Section VIII, Tab A3 (Aviation)
158	Findings of Fact, Conclusions, and Order at Order Point 29 (May 8, 2015)	AIP. 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.	Michael P. Deselich, Exhibit____(MPD-1), Vol. 2B, Section IV.C and Schedule 2 (Employee Compensation and Benefits)
159	Order Reopening, Clarifying, and Supplementing May 8, 2015 Order at Order Point 12.a-c (Aug. 31, 2015)	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	The CCOSS has been prepared consistent with the requirements noted and includes direct links to all inputs used in the model, worksheet tabs that identify all financial and non-financial inputs, and direct linkages for all calculations in the CCOSS model. See also Christopher J. Barthol____(CJB-1), Vol 2C, Schedule 2 (Class Cost of Service Study); Vol. 3, Section II, Tab 6, Part C (Class Cost of Service Study)
160	Order Reopening, Clarifying, and Supplementing May 8, 2015 Order at Order Point 12.d (Aug. 31, 2015)	provide estimated rate and bill impacts for customer classes to affirm the methodology of apportioning revenue responsibility.	Michelle M. Terwilliger, Exhibit____(MMT-1), Vol. 2C, Sections IV - VIII and Schedules 7 and 8 (Rate Design)
161	G002/M-14-583	In the Matter of a Request by Northern States Power Company for Approval of New Area Surcharge Riders for the Cities of Barnesville, Holdingford, and Pillager	
162	Order Approving Surcharges and Requiring Compliance Filings at Order Point 1 (Oct. 31, 2014)	For Barnesville, the surcharge as proposed by the Company is approved, but with a \$1 per month reduction to the residential surcharge, and any of the gas costs (demand and commodity) from the Greater Minnesota Transmission agreement that are not recovered by the surcharge cannot be recovered in a rate case or any other docket for the 15 year term of the agreements (November 1, 2014 – October 31, 2029).	Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, Section VII.B.6 and Schedules 11 and 12 (Revenue Requirements); Vol. 4, Section VIII Adjustments, Tab A19 (New Area Surcharge)
163	Order Approving Surcharges and Requiring Compliance Filings at Order Point 2 (Oct. 31, 2014)	For Holdingford, the surcharge as proposed by the Company is approved. Any of the gas costs (demand and commodity) from the Greater Minnesota Gas agreement that are not recovered by the surcharge cannot be recovered in a rate case or any other docket for the 15 year term of the agreements (November 1, 2014 – October 31, 2029).	Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, Section VII.B.6 and Schedules 11 and 12 (Revenue Requirements); Vol. 4, Section VIII Adjustments, Tab A19 (New Area Surcharge)
164	E002/AI-17-577	In the Matter of Xcel Energy's Petition for Approval of Affiliated Interest Agreements	
165	Order Approving Affiliated Interest Agreements at Order Points 2 and 3 (June 12, 2018)	The difference between Employee Ratio and Allocated Labor Hours with Overtime allocation methods will be adjusted for in future rate-recovery proceedings, in which Xcel will have the burden to show that all cost allocations are consistent with past Commission orders.	Nicole L. Doyle, Exhibit____(NLD-1), Vol. 2B, Section II.C.1 and Schedule 5(a) and 5(b) (Cost Assignment and Allocation Principles)
166	G002/M-18-692	In the Matter of the Petition of Northern States Power Company, d/b/a Xcel Energy, for Approval of a Gas Utility Infrastructure Cost Rider True-Up Report for 2018, the Forecasted 2019 Revenue Requirements, and Revised Adjustment Factors	
167	Order Authorizing Rider Recovery with Modifications at Order Point 3 (Jan. 9, 2020).	Xcel shall not apply prorated accumulated deferred income tax (ADIT) to rate base when it is not required by the Internal Revenue Service for normalization purposes.	Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, Section VII.E.11 (Revenue Requirements). Vol. 4, Section VIII Adjustments, Tab A24 (ADIT Prorate for IRS)
168	E,G999/CI-20-492; G002/M-20-716	In the Matter of a Proposal by Xcel Energy for Authorization to Recover Costs for Investments that May Assist in Minnesota's Economic Recovery from the COVID-19 Pandemic	
169	Order Determining that Proposals Have the Potential to be Consistent with COVID-19 Economic Recovery at Order Point 2 (March 12, 2021)	Xcel shall track investment spending for the acceleration of the projects separately from base rates, with clear delineation between portions that are included in base rates and those that are incremental to base rates.	Alicia E. Berger, Exhibit____(AEB-1), Vol. 2B, Section V (Gas Operations); Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, Section IX.A (Revenue Requirements)

	Requirement	Description	Location in Application
170	Order Accepting Economic-Recovery Investment Reports, Requiring Filings, and Encouraging Advancement of Diversity Goals at Order Point 2 (March 16, 2021).	Utilities shall track investments separately from base rates to ensure transparency of the recovery process.	Alicia E. Berger, Exhibit____(AEB-1), Vol. 2B, Section V (Gas Operations); Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, Section IX.A (Revenue Requirements)
171	G999/CI-21-135; G002/CI-21-610	In the Matter of a Commission Investigation into the Impact of Severe Weather in February 2021 on Impacted Minnesota Natural Gas Utilities and Customers; In the Matter of Petition of Northern States Power Company d/b/a Xcel Energy to Recover February 2021 Natural Gas Costs	
172	Order Requiring Actions to Mitigate Impacts from Future Natural Gas Price Spikes, Setting Filing Requirements, and Initiating a Proceeding to Establish Gas Resource Planning Requirements at Order Point 2 (Feb. 17, 2023)	No later than its next rate case, each gas utility in this docket shall update its existing interruptible tariffs to ensure customers understand the possibility of economic interruptions and propose new or alternative interruptible tariffs that include additional economic curtailment provisions that could protect the system from future price spikes.	Scott S. Hults, Exhibit____(SSH-1), Vol. 2C, Section III.A (Gas Service Policy & Extensions)
173	E,G999/CI-22-624	In the Matter of a Joint Investigation into the Impacts of the Federal Inflation Reduction Act	
174	Order Setting Requirements Related to Inflation Reduction Act at Order Point 1 (Sept. 12, 2023)	The utilities shall maximize the benefits of the Inflation Reduction Act in future resource acquisitions and requests for proposals in the planning phase, petitions for cost recovery through riders and rate cases, resource plans, gas resource plans, integrated distribution plans, and Natural Gas Innovation Act innovation plans. In such filings, utilities shall discuss how they plan to capture and maximize the benefits from the Act, and how the Act has impacted planning assumptions including (but not limited to) the predicted cost of assets and projects and the adoption rates of electric vehicles, distributed energy resources, and other electrification measures. Reporting shall continue until 2032.	Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, Section V.D (Revenue Requirements)
175	Order Setting Requirements Related to Inflation Reduction Act at Order Point 2 (Sept. 12, 2023)	As utilities address how they have captured and maximized benefits from the Inflation Reduction Act to ensure customer rates remain reasonable in future filings until 2032, they shall also include an assessment of internal resources or costs needed to capture those benefits.	Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, Section V.D (Revenue Requirements)
176	G002/M-14-336	In the Matter of the Petition of Northern States Power Company for Approval of a Gas Utility Infrastructure Cost Rider	
177	Order Approving Rider with Modifications at Order Point 4 (Jan. 27, 2015)	In the initial filing in its next natural-gas rate case, Xcel shall submit detailed schedules, any necessary supporting documentation, and an explanation of all O&M costs that were being recovered in the rider and are now included in the test year for recovery in base rates.	Alicia E. Berger, Exhibit____(AEB-1), Vol. 2B, Section II.A.1 (Gas Operations); Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, Section VII.D.10 and VIII.A (Revenue Requirements); Vol. 4, Section VIII Adjustments, Tab A23 (Rider: GUIC)
178	G002/GR-21-678	In the Matter of the Petition of Northern States Power Company for Application for Authority to Increase Rates for Natural Gas Service (2022 Gas Rate Case)	
179	Order Accepting Agreement Setting Rates and Updating Base Cost of Gas (April 13, 2023) and Settlement Agreement at Section III(C)(17) (Oct. 4, 2022)	For the purposes of Settlement, the Settling Parties agree to remove the cost of waiving credit card processing fees from the 2022 test year, which results in a \$1.692 million reduction in test year expenses. The Settling Parties also agree that the Company will begin to waive credit card processing fees for its gas customers on January 1, 2024 if that proposal is approved in the Company’s currently pending multi-year electric rate case, Docket No. E002/GR-21-630. The Company will make a compliance filing beginning in May 2025 and each year thereafter until the Company’s next natural gas rate case, which will provide the actual credit card costs incurred by the Company. The Company will net this deferral against refunds due for any other annual compliance filing and if a deferral remains, the remaining amount will be deferred and applied to any future year compliance refund until the next rate case. This tracker will not have a carrying charge.	Benjamin C. Halama, Exhibit____(BCH-1), Vol. 2A, Section VIII.B.2 (Revenue Requirements); Nora C. Lindgren, Exhibit____(NCL-1), Vol. 2B, Section II (Customer Care and Bad Debt)